Rand West City Local Municipality
(Registration number GT485)
Unaudited Annual financial statements
for the year ended 30 June 2020

Rand West City Local Municipality

(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Members of Council	
Executive Mayor	Cllr. B.Mahuma
Speaker	Cllr. V. Nqina-Mzondeki
Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	
	MMC Corporate Support Services: Cllr. S. Moumakwe
	MMC Finance: Cllr. T. Grobler
	MMC LED: Cllr. N. Khenene
	MMC Planning and Human Settlement: Cllr. S. Mazibuko
	MMC Social and Health Services: Cllr. P.S. Mapena-Dlamini
	MMC Water, Energy and Sanitation: Cllr. D. Sithole
	MMC Sports, Recreation, Arts and Culture: Cllr. N.D. Molatlegi
	MMC Roads, Transport and Stormwater: Cllr. G. Khoza
	MMC Parks, Cemetries and Waste Management: Cllr. D. Molebatsi
	MMC Public Safety: Cllr. J. Legoete
Councillors	Cllr. B. Montsho (Ward 01) Cllr. M. Mtyotywa (Ward 11) Cllr. D. Machaba (Ward 12) Cllr. M. Ndamane (Ward 13) Cllr. K. Tsotetsi (Ward 14) Cllr. D. Mbulula (Ward 16) Cllr. T Tlholoe (Ward 18) Cllr. M. Sello (Ward 19) Cllr. P. Faku (Ward 22) Cllr. N. Matiwane (Ward 24) Cllr. A. Saba (Ward 25) Cllr. W. Matshaya (Ward 26) Cllr. W. Njani (Ward 28) Cllr. N. Kolo (Ward 29) Cllr. M. Ngamntwini (Ward 30) Cllr. I. Merabe (Ward 33) Cllr. N. Ncele (Ward 34) Cllr. N. Baza (Ward 35) Cllr. A. Van Tonder (Ward 03)

General Information

	Cllr. S Erasmus (Ward 04) Cllr. E. De Lange (Ward 08) Cllr. C. Harrison (Ward 07) Cllr. P. Dick (Ward 09) Cllr. G. Samson (Ward 10) Cllr. I. Ramphore (Ward 20) Proportional Representative Councillors: Cllr. G. Kruger Cllr. B.C Dreyer Cllr. H. Hild Cllr. J. Marite Cllr. J. Letlhake Cllr. N. Williams Cllr. P. Mavuso Cllr. P. Francis Cllr. S. Sekhokho Cllr. J. Biyela Cllr. F. Bergman Cllr. M.E. Matlala Cllr. B. Munyai Cllr. A. Zingela Cllr. J. Matebesi Cllr. B Ramaphala Cllr. M. Ramotlhale Cllr. J. Letsholo Cllr. M. Sethepo Cllr. M. Mthimkhulu Cllr. T.S Mngomezulu Cllr. M. Nkoe Cllr. C. Brough Cllr. T. Seshoka Cllr. T.E. Stefane Cllr. F. Volgraaff Cllr. A. Sityebi-Mabuya Cllr. T. Mazula Cllr. N. Kiewiertz Cllr. P.Chabane
Grading of local authority	Grade 4
Accounting Officer	T. Goba
Chief Financial Officer	N.M. Lion
Registered office	Corner Sutherland & Pollock street Randfontein 1760
Postal address	P. O. Box 218 Randfontein 1760

General Information

Bankers	First National Bank Ltd
Auditors	Auditor General of South Africa
Attorneys	Bhika Calitz Attorneys
	Fick Attorneys
	Geldenhuys Van Ryneveld Attorneys
	Legwale Attorneys
	Malatji Attorneys
	Matseke Attorneys
	Motlatsi Seleke Attorneys
	Naidoo and Associates Incorporated
	Steyn and Steyn Attorneys
	Thaanyane Attorneys
Currency	South African Rand
Rounding off	Nearest Rand
Telephone number	011 411 0000
Fax number	011 693 1394
Website	www.randwestcity.gov.za

Rand West City Local Municipality
(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

Index

The reports and statements set out below comprise the unaudited annual financial statements presented to the provincial legislature:

	Page
Accounting Officer's Responsibilities and Approval	5
Accounting Officer's Report	6 - 7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Statement of Comparison of Budget and Actual Amounts	12 - 15
Accounting Policies	16 - 38
Notes to the Unaudited Annual Financial Statements	39 - 102

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MMC	Member of Mayoral Committee
IAS	International Accounting Standards
SDL	Skills Development Levy
SARS	South African Revenue Services
UIF	Unemployment Insurance Fund
VAT	Value Added Tax of 1991
MFMA	Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

The unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The unaudited annual financial statements set out on pages 8 to 103 which have been prepared on the going concern basis, were approved by the accounting officer on 31 October 2020. and were signed on his behalf by:

Accounting Officer
T.Goba

Randfontein

Saturday, 31 October 2020

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

The unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The unaudited annual financial statements set out on pages 8 to 103 which have been prepared on the going concern basis, were approved by the accounting officer on 31 October 2020. and were signed on his behalf by:

Accounting Officer
T.Goba

Randfontein

Saturday, 31 October 2020

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

The is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Dermacation Act, 1998 and operates in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment..

Net deficit of the municipality was R 140 676 599 (2019: deficit R 93 195 302).

2. Financial sustainability

The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial committments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraits.see note 53 for details. The covid -19 pandemic affected the financial sustainability of the Municipality.

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality incurred interest due to late payment of creditor aacounts. The interest incurred in this respect was unavoidable and has been disclosed in the note 56.

4. Irregular expenditure

The municipality embarked on an overall review of the supply chain management function with the aim to support and implement a sustainable change within supply chain management. As part of its review, management conducted a detailed review of contracts that were awarded by the municipality. This review included confirming the scope and extent of contracts that were irregular.

5. Going concern

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The impact of COVID-19 pandemic has significantly casted a doubt on the going concern assumption of the municipality however the governments intervention through the disaster management grant will assist in ensuring that the municipality continues as a going concern.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant is the continued funding by National and Provincial government for operational and capital activities. Refer to note 53 for details.

6. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year except for those mentioned in note 54.

7. Accounting policies

The unaudited annual financial statements prepared in accordance with the Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with Section 122(3) of the Municipal Finance Management Act(Act 56 of 2003).

8. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
T. Goba

Accounting Officer's Report

9. Secretary

The secretarial fuction was perfomed by the Department of Corporate Services.

10. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Executive Committee meetings and monitor the municipality's compliance with the code on a monthly basis.

11. Bankers

For the year under review, the primary bank account of Rand West City Local Municipality was First National Bank.

12. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Rand West City Local Municipality

(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	53 942 809	30 056 921
Receivables from exhange transactions	4	188 917 496	183 196 584
Receivables from non-exchange transactions	5	37 797 408	34 821 184
Prepayments	6	3 553 711	906 708
Inventories	7	2 047 269	2 751 448
Long term receivables	8	788 105	669 238
Investments	9	4 348 310	4 176 040
		291 395 108	**256 578 123**
Non-Current Assets			
Long term receivables	8	431 186	447 928
Biological assets that form part of an agricultural activity	10	498 015	528 054
Investment property	11	240 565 056	244 883 203
Property, plant and equipment	12	4 062 685 453	4 012 598 537
Intangible assets	13	6 932 748	7 338 918
Heritage assets	14	3 904 117	4 266 090
		4 315 016 575	**4 270 062 730**
Total Assets		**4 606 411 683**	**4 526 640 853**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	1 212 943 340	951 447 431
Payables from non-exchange transactions	16	23 636 011	21 871 629
VAT payable	17	28 192 178	59 073 796
Unspent conditional grants and receipts	18	12 454 740	12 757 592
Consumer deposits	19	57 955 763	56 667 054
Finance lease obligations	20	16 656 913	9 091 623
Provisions	21	14 634 028	13 214 040
		1 366 472 973	**1 124 123 165**
Non-Current Liabilities			
Finance lease obligations	20	18 600 100	20 123 504
Provisions	21	148 585 080	161 533 593
Employee benefit obligation	22	173 128 000	180 558 427
		340 313 180	**362 215 524**
Total Liabilities		**1 706 786 153**	**1 486 338 689**
Net Assets		**2 899 625 530**	**3 040 302 164**
Reserves			
Revaluation reserve		1 670 942	1 670 942
Accumulated surplus		2 897 954 588	3 038 631 222
Total Net Assets		**2 899 625 530**	**3 040 302 164**

Rand West City Local Municipality

(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	1 126 830 818	969 280 805
Rental of facilities and equipment	24	1 336 727	2 122 824
Interest received - investment	25	2 894 802	2 649 064
Interest received - outstanding receivables	26	41 441 953	35 926 216
Income from agency services	27	15 170 056	20 520 652
Other income	28	14 946 560	21 997 580
Total revenue from exchange transactions		**1 202 620 916**	**1 052 497 141**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	221 388 205	187 138 949
Transfer revenue			
Government grants & subsidies	30	561 950 488	556 688 464
Public contributions and donations	31	12 757 159	40 422 137
Fines	32	12 319 250	8 140 796
Total revenue from non-exchange transactions		**808 415 102**	**792 390 346**
Total revenue		**2 011 036 018**	**1 844 887 487**
Expenditure			
Employee related costs	33	(559 944 896)	(537 515 232)
Remuneration of councillors	34	(27 085 510)	(26 759 488)
Impairment loss of assets	36	(30 626 360)	(12 076 561)
Depreciation and amortisation	35	(189 904 398)	(172 943 085)
Finance costs	37	(71 833 569)	(72 907 887)
Debt impairment	38	(222 583 997)	(98 328 848)
Assets derecognised	39	(84 068)	(32 809 124)
Bulk purchases	40	(851 397 390)	(727 102 227)
Contracted services	41	(141 331 324)	(207 007 899)
General expenses	42	(85 719 615)	(81 347 691)
Total expenditure		**(2 180 511 127)**	**(1 968 798 042)**
Operating deficit		**(169 475 109)**	**(123 910 555)**
Gain or loss on disposal of assets	43	1 554 770	15 990 527
Fair value adjustments	44	(4 682 920)	8 422 652
Actuarial gains	22	31 926 635	6 302 074
		28 798 485	**30 715 253**
Deficit for the year		**(140 676 624)**	**(93 195 302)**

Rand West City Local Municipality

(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Restated* Balance at 01 July 2018	**1 670 942**	**3 131 826 524**	**3 133 497 466**
Changes in net assets			
Restated* Deficit for the year	-	(93 195 302)	(93 195 302)
Total changes	-	(93 195 302)	(93 195 302)
Opening balance as previously reported	1 670 942	3 047 991 118	3 049 662 060
Adjustments			
Prior period adjustments	-	(9 359 906)	(9 359 906)
Balance at 01 July 2019 as restated*	**1 670 942**	**3 038 631 212**	**3 040 302 154**
Changes in net assets			
Deficit for the year	-	(140 676 624)	(140 676 624)
Total changes	-	(140 676 624)	(140 676 624)
Balance at 30 June 2020	**1 670 942**	**2 897 954 588**	**2 899 625 530**

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Taxation and fines		208 236 077	146 523 064
Sale of goods and services		956 921 032	883 304 021
Grants		561 647 635	556 869 148
Interest income		2 894 802	2 649 064
Other receipts		39 222 501	40 110 018
		1 768 922 047	1 629 455 315
Payments			
Employee and councillors costs		(566 806 740)	(548 668 505)
Suppliers		(829 562 318)	(672 764 650)
Finance costs		(37 706 834)	(30 955 782)
		(1 434 075 892)	(1 252 388 937)
Net cash flows from operating activities	45	**334 846 155**	**377 066 378**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(27 865 052)	(341 439 746)
Proceeds from sale of property, plant and equipment	12	2 785 131	4 842 982
Proceeds from sale of investment property	11	305 205	2 596 831
Purchase of intangible assets	13	(210 062)	-
Decrease / (Increase) in investments		(172 270)	8 781 148
Purchase of long term receivables		(102 125)	-
Decrease in long term receivables		-	1 239 830
Net cash flows from investing activities		**(25 259 173)**	**(323 978 955)**
Cash flows from financing activities			
Repayment of borrowings		-	(1 428 712)
Finance lease payments		35 257 013	(1 923 357)
Net cash flows from financing activities		**35 257 013**	**(3 352 069)**
Net increase in cash and cash equivalents		**23 885 887**	**(12 994 122)**
Cash and cash equivalents at the beginning of the year		30 056 921	43 051 043
Cash and cash equivalents at the end of the year	3	**53 942 808**	**30 056 921**

Rand West City Local Municipality

(Registration number GT485)
Unaudited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 287 698 780	(81 369 530)	**1 206 329 250**	1 126 830 818	**(79 498 432)**	59.01
Rental of facilities and equipment	2 222 000	(617 992)	**1 604 008**	1 336 727	**(267 281)**	59.02
Interest received - outstanding receivables	37 886 074	-	**37 886 074**	41 441 953	**3 555 879**	59.03
Income from agency services	18 599 328	-	**18 599 328**	15 170 056	**(3 429 272)**	59.04
Other income	29 955 489	(8 047 619)	**21 907 870**	14 946 560	**(6 961 310)**	59.05
Interest received - investment	2 473 344	1 000 000	**3 473 344**	2 894 802	**(578 542)**	59.06
Total	**1 378 835 015**	**(89 035 141)**	**1 289 799 874**	**1 202 620 916**	**(87 178 958)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	288 520 040	(43 115 473)	**245 404 567**	221 388 205	**(24 016 362)**	59.07
Transfer revenue						
Government grants & subsidies	601 953 178	-	**601 953 178**	561 950 488	**(40 002 690)**	59.08
Public contributions and donations	-	-	**-**	12 757 159	**12 757 159**	59.09
Fines	12 599 004	-	**12 599 004**	12 319 250	**(279 754)**	59.10
Total	**903 072 222**	**(43 115 473)**	**859 956 749**	**808 415 102**	**(51 541 647)**	
Total revenue	**2 281 907 237**	**(132 150 614)**	**2 149 756 623**	**2 011 036 018**	**(138 720 605)**	
Expenditure						
Employee related costs	(550 640 068)	-	**(550 640 068)**	(559 944 896)	**(9 304 828)**	59.11
Remuneration of councillors	(30 153 025)	-	**(30 153 025)**	(27 085 510)	**3 067 515**	59.12
Depreciation and amortisation	(231 731 000)	45 000 000	**(186 731 000)**	(189 904 398)	**(3 173 398)**	59.13
Impairment loss of Asets	-	-	**-**	(30 626 360)	**(30 626 360)**	59.14
Finance costs	(42 422 691)	-	**(42 422 691)**	(71 833 569)	**(29 410 878)**	59.15
Debt impairment	(121 918 055)	20 000 000	**(101 918 055)**	(222 583 997)	**(120 665 942)**	59.16
Assets derecognised	-	-	**-**	(84 068)	**(84 068)**	59.17
Bulk purchases	(849 042 689)	-	**(849 042 689)**	(851 397 390)	**(2 354 701)**	59.19
Contracted services	(163 082 208)	34 840 952	**(128 241 256)**	(141 331 324)	**(13 090 068)**	59.20
General expenses	(104 451 000)	18 496 143	**(85 954 857)**	(85 719 615)	**235 242**	59.22
Total expenditure	**(2 093 440 736)**	**118 337 095**	**(1 975 103 641)**	**(2 180 511 127)**	**(205 407 486)**	
Operating Surplus (Deficit)	**188 466 501**	**(13 813 519)**	**174 652 982**	**(169 475 109)**	**(344 128 091)**	
Gain on disposal of assets	-	-	**-**	1 554 770	**1 554 770**	59.23
Fair value adjustments	-	-	**-**	(4 682 920)	**(4 682 920)**	59.24
Actuarial gains	-	-	**-**	31 926 635	**31 926 635**	59.25
	-	**-**	**-**	**28 798 485**	**28 798 485**	
Deficit before taxation	**188 466 501**	**(13 813 519)**	**174 652 982**	**(140 676 624)**	**(315 329 606)**	
Surplus (Deficit) for the year	**188 466 501**	**(13 813 519)**	**174 652 982**	**(140 676 624)**	**(315 329 606)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 355 000	-	**4 355 000**	2 047 269	**(2 307 731)**	
Investments	-	-	**-**	4 348 310	**4 348 310**	
Receivables from non-exchange transactions	31 394 000	-	**31 394 000**	37 797 408	**6 403 408**	
Prepayments	-	-	**-**	3 553 711	**3 553 711**	
Consumer debtors	244 234 000	-	**244 234 000**	188 917 496	**(55 316 504)**	
Long term receivables	1 626 000	-	**1 626 000**	788 105	**(837 895)**	
Cash and cash equivalents	189 991 000	(96 209 000)	**93 782 000**	53 942 809	**(39 839 191)**	
	471 600 000	**(96 209 000)**	**375 391 000**	**291 395 108**	**(83 995 892)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	705 000	-	**705 000**	498 015	**(206 985)**	
Investment property	290 134 000	-	**290 134 000**	240 565 056	**(49 568 944)**	
Property, plant and equipment	4 448 988 000	-	**4 448 988 000**	4 062 685 453	**(386 302 547)**	
Intangible assets	6 681 000	-	**6 681 000**	6 932 748	**251 748**	
Heritage assets	4 819 000	-	**4 819 000**	3 904 117	**(914 883)**	
Long term receivables	1 428 000	-	**1 428 000**	431 186	**(996 814)**	
	4 752 755 000	**-**	**4 752 755 000**	**4 315 016 575**	**(437 738 425)**	
Total Assets	**5 224 355 000**	**(96 209 000)**	**5 128 146 000**	**4 606 411 683**	**(521 734 317)**	
Liabilities						
Current Liabilities						
Finance lease obligations	105 561 000	-	**105 561 000**	16 656 913	**(88 904 087)**	
Payables from exchange transactions	531 563 000	-	**531 563 000**	1 212 943 340	**681 380 340**	
Taxes and transfers payable (non-exchange)	-	-	**-**	23 636 011	**23 636 011**	
Consumer deposits	47 944 000	-	**47 944 000**	57 955 763	**10 011 763**	
Unspent conditional grants and receipts	-	-	**-**	12 454 740	**12 454 740**	
Provisions	3 208 000	-	**3 208 000**	14 634 028	**11 426 028**	
VAT payable	-	-	**-**	28 192 178	**28 192 178**	
	688 276 000	**-**	**688 276 000**	**1 366 472 973**	**678 196 973**	
Non-Current Liabilities						
Finance lease obligations	-	-	**-**	18 600 100	**18 600 100**	
Employee benefit obligation	402 850 000	-	**402 850 000**	173 128 000	**(229 722 000)**	
Provisions	136 800 000	-	**136 800 000**	148 585 080	**11 785 080**	
	539 650 000	**-**	**539 650 000**	**340 313 180**	**(199 336 820)**	
Total Liabilities	**1 227 926 000**	**-**	**1 227 926 000**	**1 706 786 153**	**478 860 153**	
Net Assets	**3 996 429 000**	**(96 209 000)**	**3 900 220 000**	**2 899 625 530**	**(1 000 594 470)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1 671 000	-	**1 671 000**	1 670 942	**(58)**	
Accumulated surplus	3 994 758 000	(96 209 000)	**3 898 549 000**	2 897 954 588	**(1 000 594 412)**	
Total Net Assets	**3 996 429 000**	**(96 209 000)**	**3 900 220 000**	**2 899 625 530**	**(1 000 594 470)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	253 898 000	-	**253 898 000**	208 236 077	**(45 661 923)**	
Sale of goods and services	1 133 175 000	-	**1 133 175 000**	956 921 032	**(176 253 968)**	
Grants	601 953 000	(40 000 000)	**561 953 000**	561 647 635	**(305 365)**	
Interest income	32 782 000	-	**32 782 000**	2 894 802	**(29 887 198)**	
Other receipts	97 036 000	-	**97 036 000**	39 222 501	**(57 813 499)**	
	2 118 844 000	**(40 000 000)**	**2 078 844 000**	**1 768 922 047**	**(309 921 953)**	
Payments						
Employee costs	(1 697 369)	(41 099)	**(1 738 468)**	(566 806 740)	**(565 068 272)**	
Suppliers	-	-	**-**	(829 562 318)	**(829 562 318)**	
Finance costs	(42 423 000)	-	**(42 423 000)**	(37 706 834)	**4 716 166**	
	(44 120 369)	**(41 099)**	**(44 161 468)**	**(1 434 075 892)**	**(1 389 914 424)**	
Net cash flows from operating activities	**2 074 723 631**	**(40 041 099)**	**2 034 682 532**	**334 846 155**	**(1 699 836 377)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	397 843 000	-	**397 843 000**	(27 865 052)	**(425 708 052)**	
Proceeds from sale of property, plant and equipment	-	-	**-**	2 785 131	**2 785 131**	
Proceeds from sale of investment property	-	-	**-**	305 205	**305 205**	
Purchase of other intangible assets	-	-	**-**	(210 062)	**(210 062)**	
Decrease/(Increase) in investments	-	-	**-**	(172 270)	**(172 270)**	
Decrease in long term receivables	-	-	**-**	(102 125)	**(102 125)**	
Net cash flows from investing activities	**397 843 000**	**-**	**397 843 000**	**(25 259 173)**	**(423 102 173)**	
Net increase/(decrease) in cash and cash equivalents	2 472 566 631	(40 041 099)	**2 432 525 532**	35 257 013	**-**	
Cash and cash equivalents at the end of the year	**2 472 566 631**	**(40 041 099)**	**2 432 525 532**	**35 257 013**	**-**	
Reconciliation						
Net cash from (used) financing						
Cash and cash equivalents at the begining						
Cash and cash equivalents at the begining of the year				28 885 887		
				30 056 921		
Actual Amount in the Cash flow statement				**53 942 808**		

Accounting Policies

Figures in Rand	Note(s)	2020	2019 Restated*

1. Presentation of Unaudited Annual Financial Statements

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these unaudited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These unaudited annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Use of estimates

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing amaterial adjustment to the carrying amounts af assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to reasonable under the circumstatnces. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

In the process of applying Rand West City Local Municipality's accounting policies, management has made the following significant accounting adjustments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.3.1 Classification of leases

All arragements that are classified as leases are evaluated as operating and finance leases. These are then accounted in the annual financial statements in terms of the relevant GRAP standard.

1.3.2 Employee benefits including pension and other post-employmnet benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation invloves making assumptions about discount rate, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.3.3 Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service identifiable categories across all debtor classes.

1.3.4 Impairment of property , plant and equipment, heritage assets and intangible assets

Accounting Policies

1.3 Use of estimates (continued)

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

1.3.5 Provisions, Landfill rehabilitation provision and contigent liabilities

Management's judgement is required when recognising and measuring provisions, landfill rehabilitation provision and contigent liabilities. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

1.3.6 Useful lives of property, plant and equipment and intangible assets

The useful lifes of assets are based on management's estimate. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values are also based on management's judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.4 Budget information

The Municipality is typically subject to the budgetary limits in a form of appropriations or budget authorisations (or equivalent), which is the given effect through MFMA and the appropriate legislation.

The approved budget covers the fiscal period from 01 July 2019 to 30 June 2020.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.5 Investments in controlled entities

1.5.1 Assets acquired at no cost/nominal cost

Where an asset is acquired at no cost, or for a nominal cost, its cost is fair value as at date of acquisition.

1.5.2 Cash generating assets

Cash gerating assets are those assets held by Rand West City Local Municipality with the primary objective of generating a commercial return. When an asset is deployed in manner consistent with that adopted by a profit oriented entity, It generates a commercial return.

1.5.3 Carrying Amount

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.5.4 Cash generating unit

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, Rand West City Local Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating: the future cash inflows used to determine the asset's or cash generating unit's value in use; and the future cash outflow used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing.

1.5.5 Costs of disposal

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Accounting Policies

1.5 Investments in controlled entities (continued)

1.5.6 Cost of inventories

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.5.7 Current replacement cost

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

1.5.8 Depreciation (Amortisation)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

1.5.9 Exchange transactions for non-monetary assets

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination thereof, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at its cost, its cost is measured at the carrying amount of the asset given up.

1.5.10 Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.5.11 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

1.5.12 Impairment Loss

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

1.5.13 Net realisable value

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

1.5.14 Non-cash generating assets

Non-cash generating assets are assets other than cash generating assets.

1.5.15 Recognition criteria for assets

Assets are recognised if it is probable that future economic benefits or service potential will flow to Rand West City Local Municipality from the assets and the costs/fair value of the assets can be reliably measured. This applies to the following types of assets:

- Property, plant and equipment;

- Investment property;

- Intangible asset ; and

- Heritage assets.

1.5.16 Recoverable amount

Accounting Policies

1.5 Investments in controlled entities (continued)

Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

1.5.17 Recoverable service amount

Recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use.

1.5.18 Useful life

Useful life is either the period of time over which an asset is expected to be used by Rand West City Local Municipality or the number of production or similar units expected to be obtained from the asset by Rand West City Local Municipality.

1.5.19 Value in use of non-cash generating assets

Value in use of non-cash generating assets is the present value of the non-cash generating assets remaining service potential.The present value of the remaining service potential of a non-cash generating assets is determined using the depreciated replacement cost approach.

The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential.

The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that Rand West City Local Municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over designed or over capacity asset.

Over designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.6 Investments in associates

Cash includes cash on hand (including petty cash) and cash with banks (including call and fixed deposits). Cash equivalents are short term, highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as current assets. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at face value.

1.7 Receivables from exchange transactions

Receivables from exchange transactions arise revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable which has not yet been paid.

Receivables from exchange transactions are recognised initially at fair value, plus transaction costs and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management's judgement and reasonable estimates.

Accounting Policies

1.7 Receivables from exchange transactions (continued)

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. The average credit period on services rendered is 30 days from date of invoice. An impairment allowance for impairment of receivables is established when there is objective evidence that Rand West City will not be able to collect all amounts due according to the original terms of receivables. Accordingly the carrying amount of the receivables is reduced through the use of an impairment allowance for impairment of debtors account. The impairment loss or gain is recognised in statement of financial performance.

An impairment allowance is decreased if the decrease can be related objectively to an event occurring after the impairment was recognised. The impairment is reversed by adjusting the allowance account. The reversal does not result in a carrying amount that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

1.8 Receivables from non-exchange transactions

Receivables from non-exchange transactions are receivables from transactions that are not exchange transactions. In a nonexchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Receivables from non exchange transactions are recognised initially at fair value, plus transaction costs and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management’s judgement and reasonable estimates.

1.8.1 Property rates

Property rates receivables are taxes were economic benefits or service potential are payable to Rand West City, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

1.8.2 Traffic fines

Traffic fines are economic benefits or service potential received or receivable by the municipality, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. The fines are assessed for impairment and recoverabity at the end of each financial year which reduces the gross amount due to Rand West City.

1.8.3 Sundry debtors

Sundry debtors are miscellaneous amounts owed to Rand West City and are assessed for impaired which reduces the gross amount.

1.8.4 Gauteng Department of Human Settlements

This is a receivable of money gazetted and owing to Rand West City grants and subsidies not yet transferred to the municipality. The receivable is recognised as an asset where the future events are under the municipality's control and until the funds are transferred to Rand West City.

1.9 Prepayments

A prepayment is the settlement of expenditure or capital expenditure before the goods are delivered or services are rendered. A prepayment can either be made for the entire balance of a liability or for an upcoming payment that is paid in advance of the date for which the municipality is contractually obligated to pay. Rand West City Local Municipality recognises prepayments as current assets and subsequently expenses or capitalises them when the goods are received or services are rendered.

Accounting Policies

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

Distribution at no charge or for a nominal charge; or

Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Long term receivables

Long term receivables are consumer debtors who enter into an arrangement with the municipality to pay over an agreed period of time. They are recognised as an asset with the current portion being due within 12 months and the non current portion due more than 12 months as at the end of the financial year. The carrying amount is net of debt impairment which is the loss of value in the long term receivable and the impairment is recognised as an expense in the statement of financial performance.

1.12 Construction contracts and receivables

A long-term investment is an account on the asset side of a municipality's statement of financial position that represents the municipality's investments, including stocks, bonds, real estate and cash, that it intends to hold for interest or security.

A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made.

A long term investment is an investment other than a current investment.

The carrying amount for investments is the market value which generally provides the best evidence of fair value. The increase or decrease in investment is accounted for in the statement of financial performance.

1.13 Biological assets that form part of an agricultural activity

The municipality recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

Accounting Policies

1.13 Biological assets that form part of an agricultural activity (continued)

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

1.14 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Accounting Policies

1.14 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the unaudited annual financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the unaudited annual financial statements (see note 11).

1.15 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Accounting Policies

1.15 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5-100 years
Leasehold property	Straight-line	5-100 years
Plant and machinery	Straight-line	5-100 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	3 - 7 years
Office equipment	Straight-line	3 - 50 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Accounting Policies

1.15 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

1.16 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Accounting Policies

1.16 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Average useful life
Servitudes	Indefinite
Computer software	3 - 10 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.17 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as a heritage asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.Revaluation is performed every five years.

If a heritage asset’s carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset’s carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.17 Heritage assets (continued)

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.18 Payables from exchange tranasactions

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

Payables from exchange transactions is money owing by the municipality in exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.19 Payables from non exchange transactions

Payables from non exchange transactions is money owing by the municipality for which there was no exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.20 Unspent conditional grants

This is represented funds unspent at the end of the financial year on grants received from national and provincial government or any other external party that can only be spent for the condition for which it was received.The amount is recognised as a current liability until the conditions of the grant are met or the money is transferred back to the funder.

1.21 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.22 Value added tax (VAT)

The municipality accounts for VAT on an accrual basis and is registered with the South African Revenue Services (SARS) for VAT on the payments (cash) basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.23 Leases

At inception of an arrangement, Rand West City Local Municipality determines whether the arrangement is or contains a lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, Rand West City Local Municipality assesses the classification of each element separately. The land and the buildings elements of a lease are considered separately for the purpose of lease classification as finance or an operating lease.

Accounting Policies

1.23 Leases (continued)

Additional text

Finance leases - Rand West City Local Municipality lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payment relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Finance leases - Rand West City Local Municipality lessee

Finance lease assets are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as finance lease liability as part of debt.

The capitalised amount is depreciated over the shorter of the lease-term and asset's useful life unless it is reasonably certain that Rand West City Local Municipality will obtain ownership by the end of the lease term, in which case it is depreciated over its useful life.

Lease payments are allocated between capital repayments and finance expenses using the effective interest rate method.

Operating leases - Rand West City Local Municipality lessor

Rand West City Local Municipality presents assets subject to operating leases in the Statement of Financial Position according to the nature of the asset. These assets are depreciated in accordance with Rand West City Local Municipality's normal depreciation policy.

Lease revenue from operating leases is recognised as revenue on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs,including depreciation, incurred in earning the lease revenue are recognised as an expense.

Initial direct costs incurred by Rand West City Local Municipality in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating leases - Rand West City Local Municipality lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.24 Borrowings

Borrowings are long term and short term loans obtained by the municipality from financial institutions for the purpose of capital or operating expenses and interest is charged to the principal debt.

The portion of borrowings due within twelve months of the financial reporting date is disclosed as a current liability and the portion due in more than twelve months of reporting date is disclosed as a non current liability.

1.25 Provisions

A provision is a liability of uncertain timing or amount. Rand West City Local Municipality recognises provisions when:

- the municipality has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Long-term provisions are determined by discounting the expected future cash flows to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the Statement of Financial Performance.

Provisions are used only for expenditures for which the provision was originally recognised.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Those which can be settled within twelve months are treated as current liabilities. All other provisions are treated as non-current liabilities.

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.26 Employee benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Accounting Policies

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.26.1 Short term employee benefits

Remuneration of employees is charged to the Statement of Financial Performance.

Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short term benefits include the paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care.

Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the Statement of Financial Performance as the related service is provided.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

A liability is recognised for accumulated leave, incentive/performance bonuses and other employee benefits when Rand West City Local Municipality has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

1.26.2 Defined contribution pension plan and defined benefit pension plans

Rand West City Local Municipality contributes to defined contribution pension plans and defined benefit pension plans for its employees. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

1.26.3 Retirement benefits

Defined contribution plans are post-employment benefit plans under which Rand West City Local Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to defined contribution pension plans are charged to the Statement of Financial Performance as an employee expense in the period in which related services are rendered by the employee or as they fall due.

Accounting Policies

Contributions that are expected to be wholly settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

1.26.4 Defined benefit plans - Post-retirement health care benefits

Rand West City Local Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain of its retirees and their spouses. The entitlement of these benefits is usually based on the employee remaining in service up to retirement age, the completion of a minimum service period of 10 years and the employee continuing to pay their own contributions to the scheme.

Past service costs is recognised in surplus or deficit in the reporting period in which the plan is amended irrespective of whether vesting periods exist.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the project credit method. Independent actuaries perform the calculation of this obligation annually. Actuarial gains or losses are recognised, in the Statement of Financial Performance, in the period that they occur.

1.26.5 Other long term employee benefits

Long-term benefits are those that are provided to employees more than 12 months after the reporting date. Currently Rand West City Local Municipality provides the following additional payments to employees based on certain criteria

1.26.6 Gratuity payment benefits

The municipality provides additional gratuity payments for employees who were not allowed to contribute retirement benefit plans under the apartheid government. This benefit is based on half the basic salary (at retirement) of the employee multiplied by the number of years that the employee was not allowed to contribute retirement benefit plans.

1.26.7 Long service awards

The municipality offers various types of long service awards to its employees, payable on completion of minimum number of years of employment.

Rand West City Local Municipality's liability is based on an actuarial valuation. Actuarial gains and losses on the long-term incentives are fully accounted for in the Statement of Financial Performance. The projected unit credit method was used to value the obligation.

The present value of the obligation is recognised on the Statement of Financial Position.

1.27 Compound instruments

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial period are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.28 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued heritage assets increase or decrease in value every five years. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.29 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue is recognised when it is probable that future economic benefits or services potential will flow to Rand West City Local Municipality, and when these benefits can be reliably measured.

Accounting Policies

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, service charges, rentals, interest received, grants from national and provincial government and other services rendered.

Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the Rand West City Local Municipality and the purchaser or user of the asset or service.

Where the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

-The prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

- Rand West City Local Municipality derives revenue from exchange and non-exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

1.29.1 Service charges:

Rand West City Local Municipality recognises revenue from the rendering of services by reference to the stage of completion method when the outcome of the transaction can be measured reliably. The outcome of the transaction can be reliably measured, that is, when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to Rand West City Local Municipality.

- The stage of completion of the transaction at the reporting date can be measured reliably.

- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

- When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue arising from the provisioning of the services which is based on the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and revenue is recognised when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history or deemed consumption for households. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period when meters have been read. These adjustments are recognised as revenue in the billing period.

An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of each reporting period Residential sanitations service charges is based on taking 30kl of water consumption and multiply by applicable tariff for financial period. Business sanitation service charges is based on taking the twelve months water consumption multiply by the applicable. Basic Sewerages is based on taking the area size of the property multiply by the applicable tariff.

Service charges relating to refuse removal are recognised on a monthly basis based on 240l bins collected on a weekly basis.

Revenue from the sale of prepaid electricity and water is recognised at the point of sale less unused electricity and water at the end of the financial period.

Accounting Policies

1.29.2 Rental of facilities and equipment

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff and includes the issuing of licences and permits.

1.29.3 Interest received - investment

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments.

1.29.4 Interest received - outstanding receivables

Interest earned on outstanding receivables are recognised on a time proportionate basis and receivables are charged an interest rate of 10%.

1.29.5 Income from agency fees

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.29.6 Other income

Other income is miscellaneous revenue generated by the municipality and is recognised on an accrual basis.

Additional text

1.30 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where Rand West City Local Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.30.1 Property rates

Revenue from property rates is calculated from the date when the legal entitlement to this revenue arises and is recognised when billed. Collection charges are recognised when such amounts are legally enforceable and billed. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

1.30.2 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the conditions have not yet been met, the receipt will be recognised as a liability (Unspent conditional grants and receipts).

1.30.3 Public donations and contributions

Public donations and contributions are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Municipality. Public donations and contributions are measured at fair value.

1.30.4 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued. Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. Interest is not levied on overdue amounts.

Accounting Policies

Subsequently, Rand West City Local Municipality evaluates the recoverability of these fines to determine the recoverable amount. This takes into account settlement discounts, reductions in the amount payable are offered, past history in terms of the successful prosecution and recovery of the fines. Rand West City Local Municipality does not recognise services in-kind as assets or revenue.

1.31 Expenditure

Expenditure in the statement of financial performance is operational costs incurred in the normal operations of the municipality. Expenditure is accounted for on an accrual basis that is when the expense is incurred and not when it is paid. The following expenditure classes are applicable to Rand West City Local Municipality:

1.31.1 Employee related costs

Employee related costs is the expense incurred by the municipality to Rand West City employees. It is accounted for the period in which the employees would have worked that is the costs includes any accrued items such as leave and bonuses which will be paid after the financial year.

1.31.2 Remuneration of councillors

Remuneration of councillors is an expense incurred by the municipality to political office bearers and councillors and are set by the upper limits as determined by the framework envisaged in section 219 of the Constitution.

1.31.3 Depreciation and amortisation

Depreciation and amortisation is the portion of the cost of property plant and equipment and intangible assets which are spread over the useful life of the asset.

1.31.4 Impairment loss of assets

Impairment loss of assets is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential. The expense is recognised in the year is occurs and reversed when the conditions of impairment assessment change.

1.31.5 Finance costs

Finance costs is the interest charged on money owed by the municipality or the time value of money lost and is accounted for in the period in which it occurs

1.31.6 Debt impairment

Debt impairment is the loss in the future economic benefits or service potential of a receivable. At the end of each financial year money owed to the municipality is assessed for recoverability and the portion assessed to be irrecoverable will be expensed in the statement of financial performance.

1.31.7 Assets derecognised

Assets derecognised are items of assets that are written off the municipality's asset register as they will no longer meet the definition of an asset. The derecognition is accounted for in the financial year's statement of financial performance when the assessment occurs.

1.31.8 Bulk purchases

Bulk purchases is the cost of electricity and water the municipality is billed by Eskom and Rand Water respectively in a financial period.

1.31.9 Contracted services

Contracted services are the services the municipality has outsourced and the cost represents the charges in the financial period.

1.31.10 Transfers and subsidies

Accounting Policies

Transfers and subsidies is the cost of contribution made by Rand West City to SPCA. The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not: receive any goods or services directly in return, as would be expected in a purchase or sale transaction; expect to be repaid in future; or expect a financial return, as would be expected from an investment. These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.31.11 General expenses

General expenses are the administrative and operational costs incurred by the municipality. These include repairs and maintenance which are generally charged to expenses during the financial period in which they occurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

1.32 Actuarial gains and losses

Actuarial gains and losses comprise the difference between the pension payments actually made by an employer and the expected amount. A gain occurs if the amount paid is less than expected. A loss occurs if the amount paid is higher than expected. The amount is recognised as non operating revenue or (expenditure) in the statements of financial performance.

1.33 1.33 Fair value adjustments

Fair value adjustments is the difference of the amount for which an investment property or biological asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction and the opening carrying amount of the investment property or biological asset. The increase or decreased is accounted for in the non operating section of the statement of financial performance.

1.34 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

-Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

-Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.35 Contingent liabilities

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality; or

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Rand West City Local Municipality does not recognise contingent liabilities. Contingent liabilities are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annually Rand West City Local Municipality evaluates the possibility of the outflow of resources or service potential.

Accounting Policies

1.36 Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Rand West City Local Municipality.

Rand West City Local Municipality does not recognise contingent assets. Contingent assets are disclosed in the notes to the annual financial statements, where an inflow of economic benefits or service potential is probable.

Rand West City Local Municipality continually assesses its contingent assets to ensure that developments are appropriately reflected in the financial statements. Where it does become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements in the period in which the change occurs.

1.37 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

1.38 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.39 Financial instruments

Financial instruments are recognised when Rand West City Local Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

1.39.1 Financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition. Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Rand West City Local Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

1.39.2 Financial assets at fair value

Accounting Policies

Financial assets that are held for trading or non-derivable financial assets with fixed or determinable payments that are designated at fair value at initial recognition. Subsequent to initial recognition, all changes to fair value are recognised through the Statement of Financial Performance.

1.39.3 Financial assets at amortised cost

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates which Rand West City Local Municipality has positive intent and ability to hold to maturity are stated at amortised cost using the effective interest method less any impairment.

1.39.4 Financial assets at cost

Residual interests that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured are stated at cost, less any impairment.

1.39.5 Financial liabilities

After initial recognition, Rand West City Local Municipality measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.39.6 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.40 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Should council approve this expenditure, no further action is required.

Where it is determined that this expenditure must be recovered, it is accounted for as revenue in the Statement of Financial Performance. A corresponding asset (receivable) is raised in the Statement of Financial Position which is accounted for in terms of Rand West City Local Municipality's accounting policy on receivables.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

1.41 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.42 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the financial period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.43 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Figures in Rand	2020	2019 Restated*

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	Not yet set	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	Not yet set	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet set	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact

Figures in Rand	2020	2019 Restated*

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	16 313 206	21 714 037
Short-term deposits	37 629 603	8 342 884
	53 942 809	**30 056 921**
Cash and cash equivalents held by the municipality that are not available for use	7 965 471	7 965 471

The municipality was served with a court order on 31 July 2018 on the matter with Quill and associates due to outstanding interest on the matter of infringement of computer software (BIQ). See note 21 for provision made.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FNB - Primary account - 62738742982	3 351 026	5 705 602	7 817 914	3 354 520	6 113 437	7 963 790
FNB - Consumers account - 62738744045	11 726 858	13 314 264	7 387 286	11 726 858	13 979 500	8 987 086
FNB - Licensing account - 62738744607	215 768	1 354 099	5 017 616	630 528	1 354 099	4 972 067
FNB - Fines account - 62738745811	2 651	304 363	141 639	2 651	304 363	146 639
FNB - Prepaid account - 62756388510	598 648	2 898	901	598 647	2 898	-
FNB - Call account - 62738951377	30 487 822	1 278 439	19 536 554	30 487 822	1 278 439	19 536 554
Investec - Call account	6 804 703	6 443 478	364	6 804 703	6 443 478	364
FNB - Investment account - 71038605740	-	33 755	31 444	-	33 755	31 444
FNB - Investment account - 71038284304	-	72 323	72 323	-	72 323	72 323
FNB - Investment account - 71038284297	-	148 859	138 861	-	148 859	138 861
NEDCOR - Investment account - 11812875	66 594	63 048	60 355	66 594	63 048	60 355
NEDBANK - Investment account - 11987622	110 990	110 990	110 990	110 990	110 990	110 990
NEDBANK - Investment account - 19770842	79 199	74 932	68 499	79 199	74 932	68 499
STANDARD Bank - Investment account - 28633016	73 772	70 399	67 284	73 772	70 399	67 284
STANDARD Bank - Investment account - 328634174	6 524	6 401	6 271	6 524	6 401	6 271
ABSA - Current account	-	-	671 456	-	-	671 967
ABSA - Traffic account	-	-	22 390	-	-	22 390
ABSA - Traffic fines account	-	-	800	-	-	800
ABSA - Consumers account	-	-	181 183	-	-	191 183
ABSA - Call account	-	-	-	-	-	2 176
Total	**53 524 555**	**28 983 850**	**41 334 130**	**53 942 808**	**30 056 921**	**43 051 043**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*

4. Receivables from exchange transactions

Gross balances		
Electricity	140 879 351	137 084 605
Water	176 375 686	127 904 446
Sewerage	65 654 290	47 526 141
Refuse	70 830 224	48 846 618
VAT	58 159 997	43 541 967
Other (Rental, interest, reconnection fees)	211 108 158	183 263 201
	723 007 706	**588 166 978**
Less: Allowance for impairment		
Electricity	(64 238 494)	(62 207 411)
Water	(128 669 333)	(87 579 290)
Sewerage	(60 063 874)	(39 124 298)
Refuse	(63 792 914)	(43 384 167)
VAT	(47 791 504)	(33 129 511)
Other (Rental, interest, reconnection fees)	(169 534 091)	(139 545 717)
	(534 090 210)	**(404 970 394)**
Net balance		
Electricity	76 640 857	74 877 194
Water	47 706 353	40 325 156
Sewerage	5 590 416	8 401 843
Refuse	7 037 310	5 462 451
VAT	10 368 493	10 412 456
Other (Rental, interest, reconnection fees)	41 574 067	43 717 484
	188 917 496	**183 196 584**
Electricity		
Current (0 -30 days)	71 723 015	80 481 642
31 - 60 days	5 196 305	4 755 360
61 - 90 days	4 331 335	2 954 930
91 - 120 days	7 228 438	2 909 342
121 - 365 days	18 386 933	14 040 793
> 365 days	34 013 325	31 942 538
	(64 238 494)	(62 207 411)
	76 640 857	**74 877 194**
Water		
Current (0 -30 days)	41 771 288	41 954 781
31 - 60 days	16 649 427	10 497 045
61 - 90 days	7 602 394	4 324 017
91 - 120 days	5 975 043	4 511 801
121 - 365 days	31 717 501	22 229 872
> 365 days	72 660 032	44 386 930
	(128 669 332)	(87 579 290)
	47 706 353	**40 325 156**

Figures in Rand	2020	2019 Restated*
4. Receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	5 530 533	8 238 557
31 - 60 days	2 929 632	1 730 049
61 - 90 days	2 711 244	1 500 452
91 - 120 days	2 632 666	1 386 391
121 - 365 days	14 290 204	8 477 777
> 365 days	37 560 010	26 192 915
	(60 063 873)	(39 124 298)
	5 590 416	**8 401 843**
Refuse		
Current (0 -30 days)	5 526 278	5 038 422
31 - 60 days	3 430 837	1 963 936
61 - 90 days	2 979 821	1 675 257
91 - 120 days	2 941 669	1 589 114
121 - 365 days	15 201 856	9 822 443
> 365 days	40 749 763	28 757 446
	(63 792 914)	(43 384 167)
	7 037 310	**5 462 451**
VAT		
Current (0 -30 days)	9 622 676	11 107 422
31 - 60 days	3 466 495	2 046 274
61 - 90 days	2 628 300	1 383 481
91 - 120 days	2 998 695	1 484 787
121 - 365 days	11 002 909	7 598 185
> 365 days	28 440 923	19 921 818
	(47 791 505)	(33 129 511)
	10 368 493	**10 412 456**
Other (Rental, interest, reconnection fees)		
Current (0 -30 days)	7 270 374	10 506 206
31 - 60 days	4 755 762	3 965 891
61 - 90 days	4 667 711	3 370 712
91 - 120 days	5 801 920	4 415 412
121 - 365 days	28 693 347	22 547 613
> 365 days	159 919 044	138 457 367
	(169 534 091)	(139 545 717)
	41 574 067	**43 717 484**

Figures in Rand	2020	2019 Restated*

4. Receivables from exchange transactions (continued)

Summary of Receivables from exchange transactions by customer classification

Consumers		
Current (0 -30 days)	56 035 558	39 286 441
31 - 60 days	16 543 044	11 948 531
61 - 90 days	14 547 364	9 632 470
91 - 120 days	15 186 607	10 184 980
121 - 365 days	84 475 730	59 216 598
> 365 days	319 811 095	245 437 879
	506 599 398	375 706 899
Less: Allowance for impairment	(412 907 058)	(302 070 452)
	93 692 340	**73 636 447**
Industrial/ commercial		
Current (0 -30 days)	79 744 426	113 444 914
31 - 60 days	18 864 989	11 901 358
61 - 90 days	9 239 611	4 760 096
91 - 120 days	9 767 891	5 040 551
121 - 365 days	30 540 202	22 543 935
> 365 days	47 725 263	41 030 573
	195 882 382	198 721 427
Less: Allowance for impairment	(115 963 730)	(98 775 077)
	79 918 652	**99 946 350**
National and provincial government		
Current (0 -30 days)	5 590 305	4 595 674
31 - 60 days	946 551	1 108 665
61 - 90 days	1 059 951	816 283
91 - 120 days	2 550 058	1 071 315
121 - 365 days	3 761 915	2 956 150
>365	5 732 072	3 190 563
	19 640 852	13 738 650
Less: Allowance for impairment	(4 334 352)	(4 124 866)
	15 306 500	**9 613 784**
Total		
Current (0 -30 days)	141 444 164	157 327 029
31 - 60 days	36 428 459	24 958 554
61 - 90 days	24 920 805	15 208 849
91 - 120 days	27 578 431	16 296 847
121 - 365 days	119 292 750	84 716 682
> 365 days	373 343 098	289 659 017
	723 007 707	588 166 978
Less: Allowance for impairment	(534 090 211)	(404 970 394)
	188 917 496	**183 196 584**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(404 970 394)	(311 151 061)
Contributions to allowance	(129 119 816)	(109 137 422)
Debt impairment written off against allowance	-	15 318 089
	(534 090 210)	**(404 970 394)**

Figures in Rand	2020	2019 Restated*

4. Receivables from exchange transactions (continued)

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security for liabilities.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.The municipality continiously monitors consumers and identified groups by reference to average payment history and incoperates this information into its credit risk control.No external credit rating is performed.

Receivables from exchange transactions impaired

As of 30 June 2020, receivables from exchange transactions of R 723 007 706 (2019: R 588 166 978) were assessed for impairment and provided for.

The amount of the allowance for impairment was R 534 090 211 as of 30 June 2020 (2019: R 404 970 394).

Rand West City Local Municipality has not discounted receivables from Exchange transactions.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
5. Receivables from non-exchange transactions		
Fines	290 781	2 278 899
Property rates	36 926 184	27 245 775
Sundry debtors	580 443	5 296 510
	37 797 408	**34 821 184**
	-	-
	-	**-**
Financial asset receivables included in receivables from non-exchange transactions above	**37 797 408**	**34 821 184**
Total receivables from non-exchange transactions	37 797 408	34 821 184

Figures in Rand	2020	2019 Restated*

5. Receivables from non-exchange transactions (continued)

Property rates

Figures in Rand	2020	2019 Restated*
5. Receivables from non-exchange transactions (continued)		
The ageing of receivables in respect to property rates is as follows:		
Current (0 - 30 Days)	13 083 782	10 617 764
31- 60 days	5 355 970	3 233 403
61 - 90 days	4 438 007	2 841 662
91 - 120 days	3 889 732	2 408 875
121 - 365 days	19 128 355	13 823 068
> 365 days	80 233 853	67 825 356
less: Allowance for impairment	(89 203 515)	(73 504 353)
	36 926 184	**27 245 775**
Summary of receivables from property rates by customer classification		
Consumers:		
Current (- 30 days)	7 099 595	6 223 174
31 - 60 days	3 022 100	2 164 948
61 - 90 days	2 592 730	1 959 175
91 - 120 days	2 376 315	1 570 364
121 - 365 days	13 280 660	7 950 009
> 365 days	50 352 589	43 577 186
Less: Allowance for impairment	(66 127 151)	(52 276 335)
	12 596 838	**11 168 521**
Industrial / commercial		
Current (0 - 30 days)	5 821 668	4 764 854
31 - 60 days	2 177 562	1 446 971
61 - 90 days	1 689 549	1 256 498
91 - 120 days	1 033 654	1 223 726
121 - 365 days	4 949 690	7 359 975
> 365 days	13 496 932	14 470 543
Less: Allowance for impairment	(22 147 128)	(26 073 458)
	7 021 927	**4 449 109**
National and provincial government		
Current (0 - 30 days)	162 520	144 634
31 - 60 days	156 308	137 826
61 - 90 days	155 729	137 700
91 - 120 days	479 763	133 597
121 - 365 days	898 004	2 124 058
> 365 days	16 384 332	9 777 626
Less: Allowance for impairment	(929 235)	(827 297)
	17 307 421	**11 628 144**
Reconciliation of allowance for impairment		
Opening balance	(73 504 353)	(76 690 413)
Contributions to allowance	(15 699 162)	3 186 060
	(89 203 515)	**(73 504 353)**
Traffic Fines		
Reconciliation of gross balance to net balances		
Receivables from traffic fines	16 719 749	47 866 348
Less: Allowance for impairment	(16 428 968)	(45 587 449)
	290 781	**2 278 899**

Figures in Rand	2020	2019 Restated*

5. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment		
Opening balance	(45 587 449)	(51 280 290)
Contributions to allowance	29 158 481	5 692 841
	(16 428 968)	**(45 587 449)**
Sundry Debtors		
Reconciliation of gross balance to net balances		
Receivables from sundry debtors	19 750 516	27 052 514
Less: allowance for impairment	(19 170 072)	(21 756 002)
	580 444	**5 296 512**
Reconciliation of allowance for impairment		
Opening balance	(21 756 002)	(19 966 183)
Contributions to allowance	2 585 930	(1 789 819)
	(19 170 072)	**(21 756 002)**
Summary of allowance for impairment in the Statement of Financial Performance		
Property rates	(15 699 162)	3 186 060
Traffic fines	29 158 481	5 692 841
Sundry debtors	2 585 930	(1 789 819)
	16 045 249	**7 089 082**

Receivables from non-exchange tarnsactions pledged as security:

No receivables from non-exchange transactions were pledged as security for liabilities.

Credit quality of receivables from non-exchange transactions:

The credit quality of receivables from non-ecxhange transactions that neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired:

As of 30 June 2020, receivables from non-exchange transactions of R 37 797 408 (2019: R 34 821 184) were assessed for impaired and provided for:

The amount of the provision was R 89 203 515 for property rates, R 16 428 968 for traffic fines, R 19 170 072 for sundry debtors. Included in sundry debtors is an amount of R 3 055 314 for the Department of health as of 30 June 2020.

Figures in Rand	2020	2019 Restated*

6. Prepayments

Insurance paid in advance	3 553 711	906 708

Rand West City Local municipality has insured its assets with Sankofa insurance brokers for 36 months. The total premium for the 36 months duration is R 5 254 415. During the 2019/2020 financial period the munucipality paid the total amount of R 5 254 415 to the insurer which resulted in a prepayment of R 3 553 711 for the remaining months of the insurance term.

7. Inventories

Consumable stores	1 398 467	1 862 264
Milk	3 380	1 008
Water	645 422	888 176
	2 047 269	**2 751 448**

Inventory pledged as security

No inventory was pledged as security for facilities.

8. Long term receivables

Consumer receivables with long term arrangements	1 219 290	1 117 166
Reconciliation of gross balances to net balances		
Long term receivables	4 877 162	4 468 662
Allowance for impairment	(3 657 872)	(3 351 496)
	1 219 290	**1 117 166**
Reconciliation of allowance for impairment		
Opening balance	(3 351 496)	(7 070 987)
Decrease or (Increase) in allowance for impairment	(306 376)	3 719 491
	(3 657 872)	**(3 351 496)**
Non current portion	431 186	447 928
Current portion	788 105	669 238
	1 219 291	**1 117 166**

Long term receivables:

Long term receivables are consumers who enter into an arrangement to pay off their debts over an agreed period of time as per the approved credir control policy. All long term receivables that are past due were considered to be impaired. At 30 June 2020 all long term receivables that were past due were impaired.

Long term receivables pledged as security:

No long term receivables were pledged as security for liabilities.

Long term receivables impaired:

At 30 June 2020, long term receivables of R 4 877 162 (2019: R 4 468 662) were assessed for impairment and provided for.

The amount of provision was R 3 657 872 as of 30 June 2020 (R 2019: R 3 351 496).

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
9. Investments		
Residual interest at cost		
Bond investment	4 348 310	4 176 040
Terms and conditions		
Current assets		
At amortised cost	4 348 310	4 176 040

Investments pledged as collateral

Figures in Rand	2020	2019 Restated*

10. Biological assets that form part of an agricultural activity

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	498 015	-	498 015	528 054	-	528 054

Reconciliation of biological assets that form part of an agricultural activity - 2020

	Opening balance	Gains or losses arising from changes in fair value	Total
Dairy cattle	528 054	(30 039)	498 015

Reconciliation of biological assets that form part of an agricultural activity - 2019

	Opening balance	Gains or losses arising from changes in fair value	Total
Dairy cattle	614 857	(86 803)	528 054

Details of biological assets

Cows in production	25	33
Cows not in production	9	13
Heifers	22	25
Calves	14	19
	70	**90**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Pledged as security

No biological assets were pledged as security for liabilities.

Details of valuation

The effective date of the valuations was 30 June 2020. Valuations were performed by an independent valuer, Mr Hendrix Nel who is independent and is not connected to the municipality.He has recent experience in the valuation of biological assets.

The valuation was based on open market values.

The nature of the biological assets in cows held for milk production at 30 June 2020 produced an output of 650 litres of milk.

Figures in Rand	2020	2019 Restated*

11. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	240 565 056	-	240 565 056	244 883 203	-	244 883 203

Reconciliation of investment property - 2020

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	244 883 203	(27 236)	(4 290 908)	240 565 059

Reconciliation of investment property - 2019

	Opening balance	Disposals	Reclassified	Fair value adjustments	Total
Investment property	237 281 097	(980 000)	29 250	8 552 856	244 883 203

The reclassification of the prior year amounting to R 1 053 000 was reclassified from Investment property to Land because the is a library situated in that land.

Pledged as security

Carrying value of assets pledged as security:

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was Tuesday, 30 June 2020. Revaluations were performed by an independent valuer,Tinus J Nel – Professional Valuer 2SACPVP (6990/2). registered with South African Council for Property Valuer Profession(SACPVP) as a prefessional valuer and also a member of the South African Institute of Valuers.Tinus J Nel is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

During the year no repairs and maintenance expenditure was incurred on investment properties and there were no commitments for the purchase of investment property at year end.

12. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	909 596 973	(29 510 608)	880 086 365	910 596 971	(30 510 608)	880 086 363
Buildings	405 635 433	(357 200 235)	48 435 198	407 449 156	(350 513 159)	56 935 997
Infrastructure	6 092 195 885	(3 298 782 842)	2 793 413 043	5 872 517 580	(3 152 017 094)	2 720 500 486
Community	625 378 520	(367 445 428)	257 933 092	622 762 771	(343 606 924)	279 155 847
Leased assets	49 796 736	(16 724 429)	33 072 307	30 229 298	(1 362 209)	28 867 089
Library books	2 928 579	(651 097)	2 277 482	12 020 834	(10 810 295)	1 210 539
Other property, plant and equipment	134 024 332	(86 556 366)	47 467 966	129 416 961	(83 574 745)	45 842 216
Total	**8 219 556 458**	**(4 156 871 005)**	**4 062 685 453**	**7 984 993 571**	**(3 972 395 034)**	**4 012 598 537**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Donations	Landfill Site Valuation	Assets Derecognised	Depreciation	Impairment loss	Total
Land	880 086 365	-	-	-	-	-	-	880 086 365
Buildings	57 296 778	-	-	-	(9 814)	(5 867 221)	(306 295)	51 113 448
Infrastructure	3 206 204 347	57 080 179	11 068 065	(25 864 702)	(19 492 071)	(144 951 328)	(2 841 966)	3 081 202 524
Community	313 357 096	-	-	-	(2 670 550)	(18 459 989)	(3 885 212)	288 341 345
Leased assets	28 867 089	19 908 043	-	-	-	(13 232 888)	-	35 542 244
Library books	2 920 663	-	-	-	-	(643 181)	-	2 277 482
Other property, plant and equipment	45 854 696	3 644 629	1 689 094	-	(56 832)	(6 133 559)	-	44 998 028
	4 534 587 034	**80 632 851**	**12 757 159**	**(25 864 702)**	**(22 229 267)**	**(189 288 166)**	**(7 033 473)**	**4 383 561 436**

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Donations	Reclassified	Landfill Revaluation	Assets derecognised	Depreciation	Impairment loss	Total
Land	891 356 660	1 000 000	-	(29 250)	-	(1 465 405)	-	(10 775 641)	880 086 364
Buildings	96 126 565	1 428 178	-	-	-	(2 532 632)	(10 098 913)	(27 626 420)	57 296 778
Infrastructure	2 564 701 992	323 292 272	9 839 016	-	(1 039 240)	(5 977 883)	(130 946 888)	(418 715)	2 759 450 554
Community	253 572 261	13 373 784	21 279 556	-	-	(15 378 927)	(17 462 187)	26 744 215	282 128 702
Leased assets	729 864	30 229 298	-	-	-	-	(2 092 073)	-	28 867 089
Library books	8 534 778	869 565	-	-	-	(4 167 403)	(2 316 277)	-	2 920 663
Other property, plant and equipment	42 029 774	1 475 947	9 303 565	-	-	(820 904)	(6 133 559)	-	45 854 823
	3 857 051 894	**371 669 044**	**40 422 137**	**(29 250)**	**(1 039 240)**	**(30 343 154)**	**(169 049 897)**	**(12 076 561)**	**4 056 604 973**

Pledged as security

Carrying value of assets pledged as security:

Assets subject to finance lease (Net carrying amount)

leased Assets - Motor vehicles and compactors	33 072 307	28 867 089

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Reconciliation of cash outflow from purchase of property, plant and equipment

	216 546 887	371 669 044
	(19 908 043)	(30 229 298)
	196 638 844	**341 439 746**

Figures in Rand	2020	2019 Restated*

12. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Property, Plant and Equipment Under Construction 2020, Accumulated expenditure included in carrying value of property, plant and equipment	Buildings	Infrastrusture assets	Community assets	Total
Opening balance	-	246 460 713	30 409 853	276 870 566
Additions	-	215 728 346	818 541	216 546 887
Capitalised	-	(15 435 266)	-	(15 435 266)
	-	**446 753 793**	**31 228 394**	**477 982 187**

Property, Plant and Equipment Under Construction 2019, Accumulated expenditure included in carrying value of property, plant and equipment	Buildings	Infrastructure assets	Community assets	Total
Opening balance	11 157 305	254 869 905	32 694 110	298 721 320
Additions	1 268 493	279 022 675	13 863 429	294 154 597
Capitalised	(9 747 497)	(246 106 091)	(16 147 686)	(272 001 274)
Correction of errors	(2 678 301)	(41 325 776)	-	(44 004 077)
	-	**246 460 713**	**30 409 853**	**276 870 566**

Carrying value or property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Droogheuwel and Middelvlei water supply	170 365 936	148 338 618
Construction of Badirile sport facility	8 719 931	8 719 931
Water and Sanitation in Mohlakeng Extension 5	-	3 152 180
Construction of Brandeg road	1 190 436	1 190 436
Water Treatment Works: upgrading of bulk services Bekkersdal Water Tower and Badirile Treatment Plant Designs	8 458 268	-
Storm water Conveyance: Upgrading of storm water Mohlakeng and Toekonsrus	1 563 673	-
Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	1 951 171	-
Construction of Toekomsrus Stadium	20 674 155	-
Development of houses in Mohlakeng and Bekkersdal	4 809 131	-
Social Housing: CONTAINER (RESIDENTIAL UNITS)-Refurbishment of Madala Hostel (Two rooms)	2 071 137	-
UNDERGROUND WATER MONITORING FRAMEWORK	6 453 142	-
	226 256 980	**161 401 165**

Droogheuwel and Middelvlei water supply took longer to complete due to non performance from the previous appointed contractor and the contract was cancelled, A new contractor was appointed and the project is a multi year and its still going on. The project is not adequately funded from the allocations received from the Gauteng Department of Human Settlements.

Construction of Badirile sport facility was started on the 30 June 2017 and completed the project on the 19 July 2018 instead of 31 December 2017.The delays were due to additional work and revised completion date to 30 March 2018. However other factors like community unrests and electrical connections from eskom affected the project and the practical completion was reached on 19 June 2018.

Water and sanatation services in Mohlakeng extension 5 was put on hold due to lack of funds.

Construction of Brandeg road was not yet implemented as at 30 June 2019 due to lack of funds and only designs were done which amounted to the carrying amount reflected.

Water Treatment Works: upgrading of bulk services Bekkersdal Water Tower and Badirile Treatment Plant Designs: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Figures in Rand	2020	2019 Restated*

12. Property, plant and equipment (continued)

Storm water Conveyance: Upgrading of storm water Mohlakeng and Toekonsrus: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Construction of Toekomsrus Stadium: Contractor abondoned site,Project on hold as a result. Project to recommence once all issues are resolved.

Development of houses in Mohlakeng and Bekkersdal is on hold due financial constraints.

Social Housing:Container (Residential units)-Refurbishment of Madala Hostel (Two rooms): Project has stopped due to financial constraints.

Underground water monitoring framework: Project has stopped due to financial constraints.

Carrying value of property, plant and equipment halted.

The municipality had the following property, plant and equipments that was halted during the current and prior financial years.

PPE Halted		
Outdoor Facilities: Construction of Toekomsrus Stadium: Two contracters appointed failed to complete the construction as a result the project is halted	2 855 431	2 855 431

Expenditure incurred to repair and maintain various classes of property, plant was as follows:

Expenditure incurred to repair and maintain various class of property, plant and equipment was as follows:		
Buildings	537 066	578 318
Community assets	2 250 194	9 969 312
Infrastructure assets	13 568 284	29 566 479
Other property, plant and equipment	22 385 623	292 431
	38 741 167	**40 406 540**

Impairment loss / (reversal) of property plant and equipment

Property, plant and equipment impaired for the year ended 30 June 2020 amounted to R 7 033 472,87-(2019: R 12 076 561). The reasons per class of assets are detailed below:

Buildings: Bekkersdal Municipal Offices Building Structure - Wall and Floor was impaired due to bad condition and not performing at its optimal capacity**,** Elandsfontein Farm RC Structure, Tank, Floor, Building Structure -Roofs was impaired due to bad condition and not performing at its optimal capacity, Staff Housing: 7 Fowler street, Westonaria was impaired due to non-functionality -illegal dwellers at the House, Westonaria Depots & Stores - Parks, waste, cemetery dept Road structural layer, Carports were impaired due to Bad condition and not performing at its optimal capacity, Westonaria Local Municipality (Municipal offices) Fire protection was due to Non-functionality -expired, Westonaria Stores Air conditioning was impaired due to Non- functionality -Not working, Westonaria Testing Grounds Electrical installation was impaired due to Non- functionality -Not working.

Figures in Rand	2020	2019 Restated*

12. Property, plant and equipment (continued)

Infrastructure assets:**:** Diamant Std 2090 Switching Station Battery Charger was impaired due to Bad condition and not performing at its optimal capacity , Drowell Substation MV Switchgear - Circuit Breaker and MV Transformer was impaired due to Non-functionality, Mohlakeng Ext 5 Switching Station Battery Charger was impaired due to Non-functionality, Road: Schoeman Drive RC Structure, channel, masonry structure, kerb Inlet, pipe- stormwater and speed hump due to Non-functionality and Road under construction Std 36 Bussing Str Substation MV Transformer was impaired due to Non-functionality, Std 60 Foden Str Substation MV Transformer Non-functionality, Venterspos Sewer Pump Station Fire protection was impaired due to Non-functionality, Westergloor Substation Battery Charger was impaired due to Non-functionality and WWTW: Badirele Wastewater Treatment Works Water Meter was impaired due to Non-functionality

Community Assets:Badirile Community Hall Plumbing was impaired due to Bad condition and not performing at its optimal capacity, Bekkersdal Solid Waste Transfer station Sign – regulatory was impaired due to non-Performance, Glenharvie Library Fire protection was impaired Non-functionality -expired, Kocksoord Library & Museum Fire and Perimeter Protection was impaired due to Bad condition and not performing at its optimal capacity , Kocksoord Park Landscaping was impaired due to Bad condition and not performing at its optimal capacity, Mohlakeng Cemetery Building was impaired due to Bad condition and not performing at its optimal capacity, Mohlakeng Ext 7 Library Fire protection, air conditioning and security system was impaired due to Bad condition and not performing at its optimal capacity, Toekomsrus Library and Randgate Library Security devices was impaired due to Bad condition and not performing at its optimal capacity, Westonaria Fire Department car ports was impaired due to Bad condition and not performing at its optimal capacity, Toekomstus Sports Complex Fire Protection were impaired due non-functionality -expired, Toekomsrus park (Diamant street) Perimeter Protection was impaired due to top park missing as a result no economic benefit, Mohlakeng Recreation Centre Fire protection was impaired due to Non-functionality -expired, Mohlakeng Stadium Fire protection, building structure roof, walls, electrical installation and floor were impaired due to Bad condition and not performing at its optimal capacity, New Randfontein Community Library Air conditioning was impaired due to Non- functionality -Not working, Randfontein Library Sign – general was impaired due to Signage letters are missing not performing at its optimal capacity, Randfontein Libraryand Infrastructure Building external lighting was impaired due to Front lights not working, Randgate Library Fire protection and external lighting were impaired due to Badly damaged -condition and non-functionality fire protection expired.

13. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	8 522 452	(7 735 750)	786 702	8 312 389	(7 119 517)	1 192 872
Servitudes	6 146 046	-	6 146 046	6 146 046	-	6 146 046
Total	**14 668 498**	**(7 735 750)**	**6 932 748**	**14 458 435**	**(7 119 517)**	**7 338 918**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1 192 872	210 062	(616 232)	786 702
Servitudes	6 146 046	-	-	6 146 046
	7 338 918	**210 062**	**(616 232)**	**6 932 748**

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	2 468 824	(1 275 952)	1 192 872
Servitudes	6 146 046	-	6 146 046
	8 614 870	**(1 275 952)**	**7 338 918**

Figures in Rand	2020	2019 Restated*

13. Intangible assets (continued)

Details of intangible assets

A register containing the information required by section 63 of Municipal Finance Management Act is available for inspection at the registered office of the municipality.

During the current financial year, the was R 210 062 addittions of computer software.

During the year no repairs and maintenance expenditure was incurred on intangible assets and there were no commitments for the purchase of intangible assets at year end.

Notes to the Unaudited Annual Financial Statements

Figures in Rand

14. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings and other artifacts	3 904 117	-	3 904 117	4 266 090	-	4 266 090

Reconciliation of heritage assets - 2020

	Opening balance	Heritage assets derecognition	Total
Paintings and other artifacts	4 266 090	(361 973)	3 904 117

Reconciliation of heritage assets - 2019

	Opening balance	Transfers	Total
Paintings and other artifacts	4 284 231	(18 141)	4 266 090

Pledged as security

No heritage assets pledged as security:

Figures in Rand	2020	2019 Restated*

14. Heritage assets (continued)

Revaluations

Paintings and other artifacts

The effective date of the revaluation was 2020/06/30. Revaluations were performed by independent valuer, Mr Paul Myson (IFAAAA) Fellow International Fine Art and Antiques Appraiser Association the next valuation will be performed on 30 June 2025.

Mr Paul Myson is not connected to the municipality and has recent experience in the valuation of heritage assets. The valuation was based on open market value.

The revaluation will be performed every five years.

Details of Heritage assets.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

During the year no repairs and maintenance expenditure was incurred on heritage assets and there were no commitments for the purchase of heritage assets at year end.

Restrictions on the distribution of the balance of the revaluation reserve to owners of net assets are as follows:

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*

15. Payables from exchange transactions

Trade payables	996 062 028	764 376 805
Retention monies payable	45 246 038	36 579 901
Payroll accruals	26 332 897	26 276 341
Accrued leave	58 303 935	46 707 582
Accrued bonus (13th cheque)	10 158 294	9 841 129
Payments received in advance	14 996 130	7 132 231
Sale of stands received in advance	735 000	1 744 657
Consumer debtors with credit balances	61 109 018	58 788 785
	1 212 943 340	**951 447 431**

Included in the consumer debtors with credit balances is the mines the municipality currently owes due to the reversal of the property rates billed to them.

16. Payables from non-exchange transactions

Unallocated receipts	14 249 900	9 748 063
Sundry debtors with credit balances	8 954 103	11 691 558
Security deposit for debt collection	432 008	432 008
	23 636 011	**21 871 629**

17. VAT payable

VAT	28 192 178	59 073 796

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Gauteng Department of Social Development Grant	8 462 946	8 462 946
Public Contribution	3 990 216	3 990 216
Aids District Programme	-	122 744
Expanded Public Works Programme	-	180 109
Energy Efficiency and Demand Side Management Grant	1 577	1 577
	12 454 739	**12 757 592**

See note 30 for reconciliation of grants from National/Provincial Government.

19. Consumer deposits

Electricity and water	56 832 216	55 609 863
Municipal halls and sports complex	31 951	31 951
Rental of facilities	1 091 596	1 025 240
	57 955 763	**56 667 054**

Figures in Rand	2020	2019 Restated*
20. Finance lease obligations		
Minimum lease payments due		
- within one year	19 077 006	11 919 014
- in second to fifth year inclusive	19 132 782	22 424 116
	38 209 788	34 343 130
less: future finance charges	(2 952 775)	(5 128 003)
Present value of minimum lease payments	**35 257 013**	**29 215 127**
Present value of minimum lease payments due		
- within one year	16 656 913	9 091 623
- in second to fifth year inclusive	18 600 100	20 123 504
	35 257 013	**29 215 127**
Non-current liabilities	18 600 100	20 123 504
Current liabilities	16 656 913	9 091 623
	35 257 013	**29 215 127**

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The municipality acquired a new finance lease in 2018/2019 financial year on a three year lease term and the effective borrowing rate was 11.25% as provided by the service provider on the 26th of April 2019 which is the effective date on which the finance lease commenced. The finance lease was for compactor trucks.

Interest rates are fixed at the contract date. All leases do not escalate and include additional charges for contigent rent which are administration fees, insurance and maintenance costs.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12.

Figures in Rand	2020	2019 Restated*

21. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Change in landfill closure provision	Change in discount factor	Total
Landfill site	161 533 593	-	(25 864 702)	12 916 189	148 585 080
Legal proceedings	9 161 215	1 419 988	-	-	10 581 203
Performance bonuses	4 052 825	-	-	-	4 052 825
	174 747 633	**1 419 988**	**(25 864 702)**	**12 916 189**	**163 219 108**

Reconciliation of provisions - 2019

	Opening Balance	Additions	Change in landfill closure provision	Reversed during the year	Change in discount factor	Total
Landfill site	151 537 716	-	(1 039 240)	-	11 035 117	161 533 593
Legal proceedings	7 931 788	1 229 427	-	-	-	9 161 215
Performance bonuses	4 052 825	-	-	-	-	4 052 825
Minor claims	9 355	-	-	(9 355)	-	-
	163 531 684	**1 229 427**	**(1 039 240)**	**(9 355)**	**11 035 117**	**174 747 633**

Non-current liabilities	148 585 080	161 533 593
Current liabilities	14 634 028	13 214 040
	163 219 108	**174 747 633**

Landfill site provision

The valuation was done by Seakle Godschalk who is a professional enviromental scientist from Enviroment and Sustainability Solutions CC, He holds a masters degree in Accounting. Seakle Godschalk is an independent valuer and is registered with the South African Council for Natural Scientific Professions as well as with the South African Institute of Ecologists and Enviromental Scientits.The current expected remaining useful life of the landfill is estimated at 5 years and 2 years for the Libanon and Uitvalfontein landfills respectively.

Legal proceedings provision

Legal proceedings provision represents am amount litigated by Quill and Associates against the municipality. This case emanated from interest charged on the licencing agreement settlement on the BIQ system that was previously used by the municipality. The system use was paid for in December 2016, however there is a court order against the municipality on the interest from the date of claim of July 2013 to date, which the municipality hasn't paid. When the case was finalised in 2016 the municipality paid the interest for 2015 and 2016 only and not from 2013 to 2016. The municipality is appealing the court's decision.

Performance bonuses provision

During the current financial year. Executive management took a decision that no provision will be made due to the financial status of the municipality and the assessment that there will be no bonus payments and no budget was provided for in the next three financial years.The provision for performance bonus is categorised as a provision based on the fact that the perfomance bonus will only be paid once an executive manager has met the performance condition. Therefore it is uncertain wether all the qualifying executives for the perfomance bonus will meet the award criteria. In addition the bonus has to be approved by Council.

Figures in Rand	2020	2019 Restated*

21. Provisions (continued)

Minor claims provision

During the current financial year the municipality has paid all the minor claims below R 20 000 and no provision has been raised as a result.The is a prior period error correction for the R 9 355 which was paid in the prior year and was not not accounted for, a prior period correction has been processed.

22. Employee benefit obligations

Details of valuation

An **actuarial valuation** has been performed for Rand West City Local Municipality's unfunded liability in respect of the entitlement of employees to Long Service Awards.

The **effective date of this valuation is 30 June 2020** and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The valuation was perfomed by Chanan Weiss who is an approved pension fund valuator and a member of the Actuarial Society of South Africa (ASSA). Chanan Weiss is an independent valuer and is not connected to the municipality.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(139 582 000)	(142 945 632)
Present value of the defined benefit obligation-partly or wholly funded	(33 546 000)	(37 612 795)
	(173 128 000)	**(180 558 427)**

Post retirement medical benefits.

The Municipalty offers employees and continuation members the opportunity of belonging to one of several medical aid schemes. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependents may continue membership of the medical aid scheme. Qualifying members receive a post employment subsidy for which the municipality is liable.

The municipality operates an unfunded defined benefit plan for these qualifying employees.

The present value of the defined benefit obligation, and the related current service cost and the past service cost , were measured using the Projected Unit Credit method.

Entity's own financial instruments [state each category]

In-service (employee) members:		
In-service (employee) members:	1 047	1 059
In-service (employee) non members:	205	229
Continuation (retiree and widow) members:	103	99

The current service cost are estimated at R 7 724 305 for the current financial year ending 30 June 2020 (2019: R 7 958 671)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	142 945 632	133 858 833
Benefits paid	(4 321 865)	(3 442 724)
Net expense recognised in the statement of financial performance	958 233	12 529 523
	139 582 000	**142 945 632**

Figures in Rand	2020	2019 Restated*

22. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	7 724 305	7 958 671
Past service cost	11 288 000	-
Interest cost	13 351 027	12 794 755
Actuarial (gains) losses	(31 405 099)	(8 223 903)
	958 233	**12 529 523**

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	6,67 %	6,93 %
Discount rates used	10,66 %	9,48 %
Expected rate of return on assets	3,74 %	2,38 %
The average retirement age used in years was	62	63

Long service awards liability.

The municipality offers employees a long service bonus for every completed ten year period of service. The long service awards are paid on retirement,resignation or death. The amount payable is reviewed periodically and is assumed to increase in line with expected CPI inflation

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the Projected Unit Credit Method.

As at the financial year end 1252 (30 June 2019:1272) employees were eligible for long service awards. The current service cost for the financial year ended 30 June 2020 is estimated to be R 3 543 371(30 June 2019: R 3 063 444).

Key assumptions used at the reporting date:

Discount rates used	7 %	8,11 %
Expected inflation	4 %	5,53 %
Net effective discount rate	3 %	2,44 %

Changes in the present value of the long service award obligation are as follows:		
Opening balance	37 612 795	33 673 867
Benefits paid	(3 994 219)	(3 755 459)
Net expense recognised in the statement of financial performance	(72 576)	7 694 387
	33 546 000	**37 612 795**

Net expense of the long service awards obligation recognised in the statement of financial performance:		
Current service cost	3 543 371	3 063 444
Curtailment	(5 986 000)	-
Interest cost	2 891 589	2 709 114
Actuarial (gain)/losses	(521 536)	1 921 829
	(72 576)	**7 694 387**

Figures in Rand	2020	2019 Restated*

23. Service charges

Sale of electricity	670 774 694	569 311 840
Sale of water	327 488 237	282 858 030
Sewerage and sanitation charges	57 261 623	56 684 284
Refuse removal	71 306 264	60 426 651
	1 126 830 818	**969 280 805**

24. Rental of facilities and equipment

Premises		
Rental of buildings	94 177	148 439
Rental of equipment	1 020 926	1 822 141
Rental of facilities	217 286	145 948
Rental of land	4 338	6 296
	1 336 727	**2 122 824**

25. Interest received - investment

Interest revenue		
Interest received - Investment	2 894 802	2 649 064

Interest received from investments was mainly due to grant funds which were invested in the FNB and Investec call accounts and earned an average of 6% interest per annum.

26. Interest received - outstanding receivables

Interest received	41 441 953	35 926 216

During the current financial year all consumers were charged interest at a rate of 10% on the arrear accounts as per the Rand West City credit control policy.

27. Income from agency services

Gauteng Department of Transport	15 170 056	20 520 652

The municipality has an arrangement with the Department of Transport in which it collects licence fees on behalf of the department and receives an agreed fee for the service provided.

The Rand West City vehicle licensing centre in Westonaria was closed on 24 October 2018 due to investigations to identify officers alleged to be involved in fraudulent and corrupt activities. The closure has resulted in a drop in revenue as customers go to other stations to get services.

Figures in Rand	2020	2019 Restated*

28. Other income

Administration fees	3 273 767	2 798 046
Advertising	244 329	351 878
Building plan fees	3 509 885	2 536 550
Burial fees	1 390 167	1 476 774
Clearance certificates	592 444	524 398
Commission earned	5 346	247 867
Consent use revenue	-	435
Copies income	256 764	328 956
Dividends received	-	73 146
Entrance fees	-	89 408
Escorting fees	37 209	97 481
Farming income	20 770	11 350
Insurance claims	5 283 853	155 512
Landfill site income	212	56 976
Licences and permits	66 022	-
Membership fees	61 609	88 798
Recovery monies	9 535	124 269
Sale of debtors' right to collect	-	12 701 264
Staff parking	26 469	-
Sundry surpluses	41 806	75 774
Tender documents	79 185	217 825
Town planning	35 484	40 873
Traffic control	11 704	-
	14 946 560	**21 997 580**

29. Property rates

Rates received

Assessment rates	237 348 969	206 594 222
Less: Income forgone (rebates)	(15 960 764)	(19 455 273)
	221 388 205	**187 138 949**

Valuations R'000

Agricultural	1 463 949	1 439 336
Business and commercial	2 946 072	2 363 445
Government	1 259 660	932 763
Residential	10 852 641	11 545 577
Vacant land	118 807	188 537
	16 641 129	**16 469 658**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate as approved for in the Property Rates Policy is applied to property valuations to determine assessment rates. Rebates are granted to certain property owners in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and payable by the 7th day of the following month.Interest as determined by Council is levied on outstanding rates.

The municipality was granted a two year extension by the member of Executive Council of the Gauteng Department of Corporative and Traditional Affairs and the new general valuation will be implemented on the 01 July 2021. This is done in line with section 32(2)(b)(ii) of the Municipal Property Rates Act no 29 of 2014.

Figures in Rand	2020	2019 Restated*

30. Government grants and subsidies

Operating grants		
Equitable Share	303 723 001	274 919 372
Municipal Infrastructure Grant	2 830 673	3 225 050
Finance Management Grant	2 500 000	3 170 000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	26 516 533	19 284 000
Skills Development Grant	918 709	923 376
Expanded Public Works Programme	3 191 109	2 454 891
Gauteng Department of Corporative Governance Grant	1 000 000	1 000 000
Aids District Programme	2 630 136	2 580 402
Municipal Disaster Management Grant	1 192 000	-
	344 502 161	**307 557 091**
Capital grants		
Municipal Infrastructure Grant	88 324 327	88 749 950
Municipal Water Infrastructure Grant	64 891 000	55 000 000
Integrated National Electrification Programme	30 850 000	10 000 000
Gauteng Department of Human Settlements Grant	33 383 000	88 383 000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	-	1 000 000
Energy Efficiency and Demand Side Management Grant	-	5 998 423
	217 448 327	**249 131 373**
	561 950 488	**556 688 464**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of 100% rebate on property rates and taxes up to the market value of R 450 000, 100% rebate on refuse and sewer tariffs, 50 kilowatts of electricity and 6 kilolitres of water.

Municipal Infrastructure Grant

Current-year receipts	91 155 000	91 975 000
Conditions met - transferred to operating revenue	(2 830 672)	(3 225 050)
Conditions met - transferred to capital revenue	(88 324 328)	(88 749 950)
	-	**-**

The purpose of this grant is to provide specific capital finance for basic municipal infrastructure baccklogs for poor households, micro enterprise and social institutions servicing poor communities.

Finance Management Grant

Current-year receipts	2 500 000	3 170 000
Conditions met - transferred to revenue	(2 500 000)	(3 170 000)
	-	**-**

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Figures in Rand	2020	2019 Restated*

30. Government grants and subsidies (continued)

Integrated National Electrification Programme

Current-year receipts	30 850 000	10 000 000
Conditions met - transferred to revenue	(30 850 000)	(10 000 000)
	-	-

The purpose of this grant is to adress the electrification backlog of permanetly occupied residential dwellings.

Gauteng Department of Human Settlements Grant

Current-year receipts	33 383 000	88 383 000
Conditions met - transferred to revenue	(33 383 000)	(88 383 000)
	-	-

The purpose of this grant is to provide funding for the creation of sustainable human settlements.

Municipal Water Infrastructure Grant

Current-year receipts	64 891 000	55 000 000
Conditions met - transferred to revenue	(64 891 000)	(55 000 000)
	-	-

The purpose of this grant is to supplement the gaps, and focus on the functionality of water infrastructure.

Gauteng Department of Corporative Governance Grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

The purpose of this grant is to assist the municipalty to perform its functions and stabilise institutional and governace system as required in the Municipal Systems Act and related legislation.

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Current-year receipts	26 516 533	20 284 000
Conditions met - transferred to operating revenue	(26 516 533)	(19 284 000)
Conditions met - transferred to capital revenue	-	(1 000 000)
	-	-

The purpose of this grant is to support the municipality with its administration of libraries.

Gauteng Department of Social Development Grant

Balance unspent at beginning of year	8 462 946	8 462 946

The purpose of the grant is to promote social development within the communities.

Public Contribution

Balance unspent at beginning of year	3 990 216	3 990 216

Figures in Rand	2020	2019 Restated*

30. Government grants and subsidies (continued)

The purpose of public contribution is to assist in minimising infrastructure backlogs.

Figures in Rand	2020	2019 Restated*

30. Government grants and subsidies (continued)

Aids District Programme

Balance unspent at beginning of year	122 744	123 746
Current-year receipts	2 507 392	2 579 400
Conditions met - transferred to revenue	(2 630 136)	(2 580 402)
	-	**122 744**

The purpose of this grant is to enhance awareness programmes offered communities to prevent and mitigate the impact of HIV/AIDS.

Expanded Public Works Programme

Balance unspent at beginning of year	180 109	-
Current-year receipts	3 011 000	2 635 000
Conditions met - transferred to revenue	(3 191 109)	(2 454 891)
	-	**180 109**

The purpose of thie grant is to provide expanded public works programme funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Skills Development Grant

Current-year receipts	918 709	923 376
Conditions met - transferred to revenue	(918 709)	(923 376)
	-	**-**

The purpose of this grant is to provide skills development within the municipality.

Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	1 577	-
Current-year receipts	-	6 000 000
Conditions met - transferred to revenue	-	(5 998 423)
	1 577	**1 577**

The purpose of this grant is to provide positive returns to energy consumers and the enviroment through the reduction of enviromental pollution and the carbon footprint of the energy sector and by enhancing energy security.

Municipal Disaster Management Grant

Current-year receipts	1 192 000	-
Conditions met - transferred to revenue	(1 192 000)	-
	-	**-**

The purpose of this grant is to enable a timely response to immediate needs after a disaster has occured. Covid-19 response grant.

Figures in Rand	2020	2019 Restated*

31. Public contributions and donations

Property, plant and equipment	12 757 159	40 422 137

Property Plant and equipment

During the current financial year the following donations were received:

Life Esidimeni donated MV Supply Line at from James Park to Life Esidimeni Hospital to the amount of R 401 500.

WME Development (PTY) Ltd donated the installation of Chickadee overhead line and Randfontein Road Switching Station Building with 6.6 KV Metalclad Switchgear amounting R6 964 343,08.

Munbak donated the electrification Toekomsrus Ext.2 Phase 2 (Construction of an electrical Reticulation Network) amounting to R3 702 221,6.

Department Sports Arts Culture and Recreation donated office Equipments amounting to R1 689 094,01.

32. Fines

Traffic fines	12 247 123	8 134 658
Consumer fines	72 127	6 138
	12 319 250	**8 140 796**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*

33. Employee related costs

Acting allowances	178 713	1 584 031
Basic	360 573 992	332 639 491
Bonus (13th cheque)	26 308 813	25 196 287
Cellphone allowances	2 667 311	3 811 164
Defined contribution plans	64 070 278	61 090 821
Group insurance	150 346	149 852
Housing benefits and allowances	3 239 023	3 336 503
Leave pay	6 962 551	13 131 572
Medical aid - company contributions	52 218 882	40 289 319
Overtime payments	13 620 215	22 508 741
SDL	4 496 594	4 398 221
Standby allowances	2 495 071	2 368 327
Sundry allowances	105 000	4 031 079
Travel allowances	20 575 962	20 619 889
UIF	2 282 145	2 359 935
	559 944 896	**537 515 232**

Remuneration of Municipal Manager: Mr. T. Goba

Annual Remuneration	1 578 573	1 578 573
Travel allowance	120 000	120 000
Cellphone allowance	30 000	20 000
Contributions to UIF, Medical and Pension Funds	15 034	14 927
	1 743 607	**1 733 500**

The Municipal Manager was appointed on 01 June 2017.

Remuneration of Chief Financial Officer:See note below

Annual Remuneration	198 020	933 435
Travel allowance	65 750	108 000
Acting allowance	101 239	38 348
Leave paid	-	122 195
Cellphone allowance	6 000	13 500
Contributions to UIF, Medical and Pension Funds	2 308	11 634
	373 317	**1 227 112**

In the current financial year, From 01 July 2019 to 31 October 2019 Ms. N. Madonsela was acting Chief Financial Officer and was paid an acting allowance of R 19 976 and Mr. Z. Katikiti was acting Chief Financial Officer from 01 November 2019 to 31 March 2020 and was paid an acting allowance R 81 267. The Chief Financial Officer Ms. N.M Lion was appointed on the 01 April 2020 and was paid a total remuneration of R 272 078 in the current financial year.

In the prior financial year, the Chief Financial Officer was Ms. B.Gunqisa from 01 July 2018 and resigned on the 3 March 2019. She was paid a total remuneration of R 1 188 764. From 01 April 2019 to 30 June 2019, Ms N. Madonsela was acting Chief Financial Officer and was paid an acting allowance of R 38 348.

Figures in Rand	2020	2019 Restated*

33. Employee related costs (continued)

Remuneration of Executive Infrastructure Services: Mr. B. Nkambule

Annual Remuneration	1 178 642	1 139 763
Travel allowance	248 817	248 817
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	14 404	13 928
	1 465 863	**1 421 508**

The executive manager Infrastructure was appointed on 04 August 2016.

Remuneration of Executive Manager Corperate Support Services: Mr. L.M Nkele

Annual Remuneration	1 322 924	1 292 580
Travel allowance	96 000	96 000
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	12 168	11 943
	1 455 092	**1 419 523**

The Executive Manager Corperate Support Services was appointed on 01 October 2017.

Remuneration of Chief Operating Officer: Mr. L. Steyn

Annual Remuneration	1 280 345	1 241 466
Travel allowance	147 114	147 114
Acting allowance	13 531	-
Leave paid	187 163	121 690
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	15 197	13 993
	1 667 350	**1 543 263**

The Chief Operating Officer was appointed on 04 August 2016.

Remuneration of Executive Manager Community Services: Ms. L.A. Modiba

Annual Remuneration	1 379 459	1 312 580
Travel allowance	48 000	76 000
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	14 530	14 028
	1 465 989	**1 421 608**

The Executive Manager Community Services was appointed on 01 August 2017.

Remuneration of Executive Manager Development and Planning: Mr. M.G. Sitei

Annual Remuneration	1 234 448	1 198 066
Travel allowance	192 000	192 000
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	12 931	12 554
	1 463 379	**1 421 620**

The Executive Manager Development and Planning was appointed on 01 October 2017.

Remuneration of the Chief of Staff: Mr. C.H. Stoffels

Figures in Rand	2020	2019 Restated*

33. Employee related costs (continued)

Annual Remuneration	1 287 449	1 248 570
Travel allowance	140 010	140 010
Cellphone allowance	24 000	19 000
Contributions to UIF, Medical and Pension Funds	14 346	13 900
	1 465 805	**1 421 480**

The Chief of Staff was appointed on 04 August 2016.

Figures in Rand	2020	2019 Restated*

34. Remuneration of councillors

Councillors	27 085 510	26 759 488

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2020	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. B. Mahuma (MMC from 01 July 2020 - 31 July 2020 and appointed Executive mayor from 31 July 2019)	Thursday, 04 August 2016	631 176	210 391	44 400	885 967
Cllr. D. Sithole (MMC) (Executive mayor July 2019)	Thursday, 04 August 2016	525 259	161 142	44 400	730 801
Cllr. V. Nqina-Mzondeki (Speaker)	Thursday, 04 August 2016	515 686	171 887	44 400	731 973
Cllr. M. Jokazi (Council whip)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. J. Legoete (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. D. Molebatsi (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. T. Grobler (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. S. Mazibuko (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. S. Moumakwe (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. N. Molatlhegi (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. G. Khoza (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. P.S. Mapena-Dlamini (MMC)	Thursday, 04 August 2016	643 029	-	44 400	687 429
Cllr. S.N. Khenene (MMC)	Thursday, 04 August 2016	460 174	153 379	44 400	657 953
Cllr. A. Sityebi (MPAC Chairperson)	Thursday, 04 August 2016	447 165	149 057	44 400	640 622
Cllr. B. Montsho	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Mtyotywa	Thursday, 04 August 2016	271 989	-	44 400	316 389
Cllr. D. Machaba	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Ndamane	Thursday, 04 August 2016	271 989	-	44 400	316 389
Cllr. K. Tsotetsi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. D. Mbulula	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. T. Tlholoe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Sello	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Faku	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Matiwane	Thursday, 04 August 2016	203 998	67 991	44 400	316 389

Figures in Rand				2020	2019 Restated*
34. Remuneration of councillors (continued)					
Cllr. A. Saba	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. W. Matshaya	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. W. Njani	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Kolo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Ngamntwini	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. I. Merabe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Ncele	Thursday, 04 August 2016	271 989	-	44 400	316 389
Cllr. N. Baza	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. A. Van Tonder	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. S. Erasmus	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. E. De Lange	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. C. Harrison	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Dick	Thursday, 04 August 2016	271 989	-	44 400	316 389
Cllr. G. Samson	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. I. Ramphore	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. G. Kruger	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. H. Hild	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Williams	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Mavuso	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Francis (Resigned 31 August 2019)	Thursday, 04 August 2016	34 000	11 331	7 400	52 731
Cllr. S. Sekhokho	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Biyela	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. F. Bergman	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. B. Munyai	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. A. Zingela	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Matebesi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. B. Ramaphala	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. B. Letlhake	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Letsholo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389

Figures in Rand				2020	2019 Restated*
34. Remuneration of councillors (continued)					
Cllr. M. Sethepo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Mthimkhulu	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Nkoe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Chabane	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. C. Brough	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Letlhake	Saturday, 01 April 2017	203 998	67 991	44 400	316 389
Cllr. M. Ramotlhale	Thursday, 01 June 2017	203 998	67 991	44 400	316 389
Cllr. T.M. Mngomezulu	Saturday, 01 December 2018	203 998	67 991	44 400	316 389
Cllr. B.C. Dreyer	Monday, 01 April 2019	203 998	67 991	44 400	316 389
Cllr. F. Volgraaff	Saturday, 01 June 2019	203 998	67 991	44 400	316 389
Cllr. M.E. Matlaila	Saturday, 01 June 2019	203 998	67 991	44 400	316 389
Cllr. T. Seshoka	Monday, 08 July 2019	200 086	66 687	43 549	310 322
Cllr. T.E. Stefane	Monday, 08 July 2019	200 086	66 687	43 549	310 322
Cllr. M.J. Marite	Wednesday, 10 July 2019	198 968	66 315	42 802	308 085
Cllr. N.C. Kiewietz	Wednesday, 07 August 2019	183 645	61 207	39 970	284 822
Cllr. A.T. Mazula	Wednesday, 07 August 2019	183 645	61 207	39 970	284 822
Cllr. T.G. Tlhagale	Sunday, 01 December 2019	118 999	39 661	25 900	184 560
		18 477 488	**5 567 682**	**3 040 340**	**27 085 510**

2019	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. M.E. Khumalo (Executive mayor 01 July 2018 to 20 May 2019)	Thursday, 04 August 2016	574 993	191 665	39 605	806 263
Cllr. D. Sithole (MMC) (Executive mayor 20 May 2019 to 30 June 2019)	Thursday, 04 August 2016	501 122	167 030	44 400	712 552
Cllr. V. Nqina-Mzondeki (Speaker)	Thursday, 04 August 2016	515 686	171 887	44 400	731 973
Cllr. M. Jokazi (Council whip)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. J. Legoete (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. D. Molebatsi (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. T. Grobler (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. S. Mazibuko (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. S. Moumakwe (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005

Figures in Rand				2020	2019 Restated*
34. Remuneration of councillors (continued)					
Cllr. N. Dyase (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. G. Khoza (MMC)	Thursday, 04 August 2016	483 463	161 142	44 400	689 005
Cllr. B. Mahuma (MMC from 01 December 2018 to 30 June 2019)	Thursday, 04 August 2016	362 685	120 884	44 400	527 969
Cllr. A. Gela (MMC)	Thursday, 04 August 2016	431 253	143 740	39 605	614 598
Cllr. S. Matakane (MMC) (Late estate)	Thursday, 04 August 2016	124 964	41 652	11 935	178 551
Cllr. P.S. Mapena-Dlamini (MPAC Chairperson from 01 March 2019)	Thursday, 04 August 2016	344 564	45 327	44 400	434 291
Cllr. A. Mosina (MPAC Chairperson from 01 July 2018 to 28 February 2019)	Thursday, 04 August 2016	380 848	126 947	44 400	552 195
Cllr. B. Matebesi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Mtyotywa	Thursday, 04 August 2016	226 662	45 327	44 400	316 389
Cllr. D. Machaba	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Ndamane	Thursday, 04 August 2016	226 662	45 327	44 400	316 389
Cllr. K. Tsotetsi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. D. Mbulula	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. T. Tlholoe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Sello	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Faku	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Matiwane	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. A. Saba	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. W. Matshaya	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. W. Njani	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Kolo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Ngamntwini	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. S. Khenene	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. I. Merabe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. N. Ncele	Thursday, 04 August 2016	226 662	45 327	44 400	316 389
Cllr. N. Baza	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. A. Van Tonder	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. S. Erasmus	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. E. De Lange	Thursday, 04 August 2016	203 998	67 991	44 400	316 389

Figures in Rand				2020	2019 Restated*
34. Remuneration of councillors (continued)					
Cllr. C. Harrison	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Dick	Thursday, 04 August 2016	226 662	45 327	44 400	316 389
Cllr. G. Samson	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. I. Ramphore	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. G. Kruger	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. E. Krog	Thursday, 04 August 2016	118 999	39 661	25 900	184 560
Cllr. H. Hild	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. D. Cloete (Late estate)	Thursday, 04 August 2016	186 998	62 325	40 700	290 023
Cllr. N. Williams	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Mavuso	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. P. Francis	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. S. Sekhokho	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Biyela	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. F. Bergman	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. R. Masemola	Thursday, 04 August 2016	181 968	60 649	39 605	282 222
Cllr. B. Munyai	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. A. Zingela	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Matebesi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. B. Ramaphala	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. B. Letlhake	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Letsholo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Sethepo	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Mthimkhulu	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Nkoe	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. M. Chabane	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. C. Brough	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. Sityebi	Thursday, 04 August 2016	203 998	67 991	44 400	316 389
Cllr. J. Letlhake	Saturday, 01 April 2017	203 998	67 991	44 400	316 389
Cllr. M. Ramotlhale	Thursday, 01 June 2017	203 998	67 991	44 400	316 389

Notes to the Unaudited Annual Financial Statements

Figures in Rand				2020	2019 Restated*
34. Remuneration of councillors (continued)					
Cllr. T.M. Mngomezulu	Saturday, 01 December 2018	116 890	38 959	25 423	181 272
Cllr. B.C. Dreyer	Monday, 01 April 2019	53 194	17 729	11 577	82 500
Cllr. F. Volgraaff	Saturday, 01 June 2019	6 800	2 266	1 480	10 546
Cllr. M.E. Matlaila	Saturday, 01 June 2019	6 800	2 266	1 480	10 546
Cllr. F.O. Matshogo (Late estate)	Thursday, 04 August 2016	178 056	59 345	38 754	276 155
Cllr. E.J. R Beaufort (Resigned)	Thursday, 04 August 2016	118 999	39 661	25 900	184 560
		17 955 083	**5 794 041**	**3 010 364**	**26 759 488**

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor, Speaker and Chief Whip each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards and the Speaker has one full-time bodyguard.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
35. Depreciation and amortisation		
Property, plant and equipment	189 288 165	171 708 571
Intangible assets	616 233	1 234 514
	189 904 398	**172 943 085**
36. Impairment loss of assets		
Property, plant and equipment	30 626 360	12 076 561
37. Finance costs		
Trade and other payables	34 817 725	31 663 128
Finance leases	4 306 167	409 084
Current borrowings	2 930	112 997
Interest due to discounting of receivables	3 547 942	14 183 692
Interest cost on employee benefit obligations	16 242 616	15 503 869
Interest cost on landfill site provision	12 916 189	11 035 117
	71 833 569	**72 907 887**
38. Debt impairment		
Contributions from receivables from exchange transactions	159 961 200	109 137 422
Contributions from long term receivables	45 669 627	(3 719 491)
Contributions from receivables from non exchange transactions	16 953 170	(7 089 083)
	222 583 997	**98 328 848**

The debt impairment calculation has resulted in an increase in number of debtors that were impaired as a result of non-payment of debtors due to covid-19 pandemic and the Municipality's inability to collect on its debtors, when the assumptions of impairement were assessed on debtors this increased out debt impairment significantly.

39. Assets derecognised		
Property, plant and equipment	84 068	30 343 154
Heritage assets	-	18 141
	84 068	**30 361 295**
40. Bulk purchases		
Electricity	580 914 725	477 194 187
Water	270 482 665	249 908 040
	851 397 390	**727 102 227**
41. Contracted services		
Outsourced Services		
Credit cost control	5 271 150	39 129 612
Fleet management	15 566 965	28 334 471
IT support	4 398 667	5 571 743
Meter Management	25 118 403	28 005 307
Repairs and maintenance	34 254 016	47 960 871
Security Services	37 623 162	39 546 830
Water purification contract	4 330 827	362 373
Prepaid vending costs	14 768 134	18 096 692

Figures in Rand	2020	2019 Restated*
41. Contracted services (continued)		
	141 331 324	**207 007 899**
42. General expenses		
Advertising and communication	130 246	476 008
Audit committee costs	287 943	316 072
Auditors remuneration	8 198 318	7 984 448
Bank charges	5 070 920	5 721 828
Burial expenses	135 073	229 470
Bursary expenses	441 136	540 370
Cleaning	37 791	6 293
Commission paid and discounts allowed	158 567	1 467
Consulting and professional fees	12 594 622	12 721 757
Consumables	2 153 362	1 160 880
Farming	(2 372)	154
Fuel and oil	7 390 496	8 704 461
Insurance	2 237 295	2 978 005
Library programs	53 990	305 906
Motor vehicle expenses	1 424 525	3 119 712
Municipal events and improvements	1 050 113	7 091 828
Municipal service charges	17 084 047	1 263 505
Occupational health	54 348	172 973
Postage and courier	1 907 947	2 093 172
Printing and stationery	167 528	976 506
Software licences	7 472 779	6 760 545
Subscriptions and membership fees	5 615 288	5 288 798
Telephone and Fax	2 518 913	5 463 333
Training	1 783 314	553 021
Travel and subsistence	305 693	187 962
Uniforms	1 106 085	2 606 469
Water research levy	6 341 648	4 622 748
	85 719 615	**81 347 691**
43. Gain on disposal of assets		
Property plant and equipment	1 321 126	4 148 243
Investment property	233 634	(127 826)
	1 554 760	**4 020 417**

In the 2018/2019 financial year an auction was held to dispose off these assets and a gross amount of R 6 061 77 less cost to sell amounting to R 492 278 resulting in a net amount of R 5 569 429(VAT inclusive) being realised. The net gain realised excluding VAT amounted to R 4 842 982

During the current financial year the gain on disposal was as a result of Investment property of R 233 634 and the Property, Plant and Equipment of R 1 321 126.

44. Fair value adjustments		
Investment property	(4 290 908)	8 509 455
Biological assets	(392 012)	(86 803)
	(4 682 920)	**8 422 652**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
45. Cash generated from operations		
Deficit	(140 676 624)	(93 195 302)
Adjustments for:		
Depreciation and amortisation	189 904 398	172 943 085
Gain on disposal of assets	(1 554 770)	(3 892 590)
Fair value adjustments	4 682 920	(8 422 652)
Finance costs - Finance leases	4 306 167	-
Public contributions and donations	(12 757 000)	(40 422 137)
Impairment loss of assets	-	12 076 561
Debt impairment	222 583 997	98 328 848
Movements in employee benefit obligation	(7 430 427)	13 025 727
Movements in provisions	(11 528 525)	12 264 544
Assets derecognised	84 068	30 361 295
Changes in working capital:		
Inventories	704 179	157 735
Receivables from exchange transactions	(172 397 846)	(124 749 549)
Receivables from non-exchange transactions	(2 976 224)	(2 778 633)
Prepayments	(2 647 003)	60 377
Payables from exchange transactions	261 495 909	347 744 367
VAT	302 697	(19 643 861)
Payables from non-exchange transactions	1 764 382	(12 591 085)
Unspent conditional grants and receipts	(302 852)	180 684
Consumer deposits	1 288 709	(4 381 036)
	334 846 155	**377 066 378**

Figures in Rand	2020	2019 Restated*

46. Commitments

Already contracted for but not yet spent

Capital expenditure		
• Buildings	1 910 155	815 068
• Community assets	5 610 225	15 650 700
• Infrastructure assets	167 819 749	46 551 759
	175 340 129	**63 017 527**
Operating expenditure		
• General expenses	62 641 992	93 193 221
Total capital commitments		
Capital expenditure	175 340 129	63 017 527
Operating expenditure	62 641 992	93 193 221
	237 982 121	**156 210 748**

Total commitments

Total commitments		
Authorised capital expenditure	237 982 121	682 790 460

This committed expenditure relates to capital and operating expenditure and will be financed by grants and internally generated funds.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. Contingent rent is payable based on quantity of papers printed on the rental of printers contract.

Figures in Rand	2020	2019 Restated*

47. Contingencies

Contingent liabilities

Claim by Ashken for damages due to cancellation of an appointment as a service provider	41 335 330	41 335 330
Claim by Mr Grobler against the municipality for eviction application	6 500 000	6 500 000
Claim by N.B. Ngova for personal injuries sustained due to an uncovered hole	2 460 000	2 460 000
Claim by L.N. Khwaphuna over injuries sustained due to falling into an uncovered manhole	2 460 000	2 460 000
Claim by M.T. Mafokane for injuries sustained caused by an uncovered manhole in Westonaria	2 460 000	2 460 000
Claim by Roshqot for outstanding invoices for services rendered	2 372 205	2 372 205
Claim by Pipe Jack for services rendered	2 394 103	2 394 103
Claim by Van Greunen Ann Marie for damages and loss of income due to negligence that caused the death of her husband.	1 698 928	1 698 928
Claim by Enzani Technologies for services rendered	1 597 226	1 597 226
Claim by Muaz Dludla Décor and projects for the outstanding payment for the services rendered to the municipality	1 500 000	1 500 000
Claim by Proplan against the Municipality for outstanding invoices on 3 projects	1 451 884	-
Claim by Nomsa Yoyo for injuries suffered by the Plaintiff due to stepping into an uncovered manhole	1 300 000	1 300 000
Claim by L.M. Sobandi for damages relating to injuries suffered by the Plaintiff due to an open access hole	1 170 000	1 170 000
Claim by P.Z. Ndaba for damages due to injuries sustained by stepping into an open manhole	1 075 000	1 075 000
Claim by Tyler Julius for electrocution	1 010 000	-
Claim by Maureen Sila as a result of failure to have covered/repaired an open manhole that she fell into	773 000	773 000
Claim by Aranda Textile for loss of income due to power outages	612 513	612 513
Claim by Thembakazi Buso as a result of failure to have covered/repaired an open manhole that she fell into	550 000	550 000
Claim by Patrick Mpisekhaya for wrongful death of a minor due to negligence of the employees of the Municipality	530 000	-
Claim by Advidatta trading for economic loss and misrepresentation	500 000	500 000
Claim by L.M. Zibula for injuries sustained due to falling into an open drain	450 000	450 000
Claim by Mahlaba Ramogohlo Welhemina as a result of failure to have covered/repaired an open manhole that she fell into	400 000	400 000
Claim by Wendy Lindiwe Mlambo for wrongfully and unlawfully being attacked by a group of unidentified protestors	400 000	-
Claim by Josephine Bolani for an injury on duty	400 000	-
Claim by Mokoduo Incorporated for legal services rendered	399 595	399 595
Claim by Matlakala Martha Kgarudi as a result of failure to have covered/repaired an open manhole that she fell into	360 000	360 000
Claim Seshibe Makiletjie Gideon damages caused by an alleged assault by the traffic officer	300 000	300 000
Claim by Alinah Motshidisi Nakedi for an injury on duty	300 000	-
Claim by Otilian Carlos as a result of falling into amanhole that the municipality failed to alert	250 000	250 000
Claim by B. Munyai for unfair labour practice.	288 000	288 000
Claim by Quill associates against the Municipality for services rendered	177 755	177 755
Claim by Marilinn Brenda Lokna for damages to her vehicle due to a pothole.	141 464	-
Claim by Katsura Solutions (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate.	137 086	137 086
Claim by Demper Star (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate.	116 070	116 070
Claim by L.C.M. Orton for unlawful/wrongful arrest	100 000	100 000
Claim by PPB Mosing for damages due to municipality's failure to clear a refuse dump	87 410	87 410

Figures in Rand	2020	2019 Restated*
47. Contingencies (continued)		
Claim by T. Radebe for unfair labour practice	77 841	77 841
Claim by Robert Vusi Martens for damages on his vehicle due to a pothole.	62 391	-
Claim by Forms media independent africa (pty) ltd for unpaid invoices.	55 954	-
Claim by Christo Dekker as a result of failure to have covered an open manhole that he fell into	50 000	50 000
Claim by Andrew Pepetta for damages to plaintiff's vehicle due to a pothole.	39 813	-
Claim by Susanna Wagenaar for damages to his property due to a damaged water pipe.	33 502	-
Claim by N.M. Ndlovu for damages to the car due to council having failed to close or barricade a ditch	33 402	33 402
Claim by R J Panel beaters against the municipality for services rendered	31 831	31 831
Claim by Duane Grobler for unpaid Mayoral Bursary Scheme	23 584	-
Claim by Jan Adriaan Van der Walt for a damage caused on his vehicle colliding with protruding tar on the tar road within the municipality's jurisdication.	20 296	-
Claim by DJB Coetzee for the damages caused to his vehicle when a municipal vehicle driven by an official collided with his vehicle.	11 025	11 025
Claim by Oudorp Beleggings for repayment of historical debt of a previous owner paid in order to obtain a clearance certificate	4 084	4 084
Claim by P. Semono against the municipality for injuries sustained due to stepping into an open water drain.	-	2 763 681
Claim by M. Hlabanga for damages due to the Plaintiff stepping into an uncovered access hole.	-	1 170 000
Claim by A Van Deventer for loss of maintenance and support due to the loss of life of the breadwinner	-	1 130 000
Claim by M.Nwabisa for injuries sustained caused by an uncovered manhole/drain.	-	850 000
Claim by Myatrade 120 CC against the municipality for services rendered.	-	454 017
Claim by A.A. Solwandle attorneys for services rendered.	-	149 838
Claim by SAMRO for licensing fees.	-	67 729
Claim by M. Groenewald for damages to the Plaintiff's vehicle due to a pothole.	-	37 132
Claim by R. Willemse for damages suffered due to a collision with a vehichle because of defective traffic lights.	-	31 026
Claim by N. Nel for damages to Plaintiff's vehicle due to a pothole	-	26 233
	78 501 292	**80 712 060**

Contingent liabilities with unknown claim amounts

- Claim by SAMWU on behalf of Mpshe for unfair labour practice.
- Claim by N.V Sikhokane for unfair labour practice.
- Claim by Z. Mfaze for unfair labour practice.
- Claim by P. Mafika for unfair labour practice.
- Claim by Sibanye Gold and 5 others for disputes on rates.

Contingent assets

During the current financial year the municipality opened with an unspent conditional grant of R 34 522 395 which is an amount which has not yet been transferred by Gauteng Departmnet of Human Settlement for a grant that was gazetted for in 2017/2018 financial year and only transferred R 15 686 250 to the municipality in the 2018/2019 financial year and this results in a possible asset that may arise because of a gain that is contingent on future events that are not under the municipality's control.

Figures in Rand	2020	2019 Restated*

48. Related parties

Relationships	
Accounting Officer	Refer to note 33
Executive Mayor	Refer to note 34
Speaker	Refer to note 34
Council Whip	Refer to note 34
Councillors	Refer to note 34
Inter governmental relations	Refer to note 30
Members of key management	Refer to note 33
Employees and organisations in which they have a direct or indirect material interest	Refer to related party transactions below

Related party transactions

Purchases from / (sales to) related parties: Organisations in which councillors and/or employees have a direct or indirect material interest:

Aredireng Security & Projects: Councillor	-	1 215 846
Shumba Event Solutions cc: Councillor	-	5 600

For the above related parties , the transactions were within the normal course of business and there no balances outstanding as at 30 June 2020.

Councillors/Mayoral committee members

Refer to note 34 " Remuneration of councillors". The total amount paid to councillors was R 30 010 999(2019: R 26 759 488)

Executive Management

Refer to note 33" Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 11 372 480 (2019: R 11 609 615)

49. Change in estimate

Property, plant and equipment

The useful lives of certain property, plant and equipment items on the asset register were assessed during the current financial year and it was found that certain assets are being utilized for periods that extent beyond their original expected useful lives.This resulted in the remaining useful lives of these particular assets being adjusted downwards to accommodate the prolonged utilisation. The effect of this revision has resulted in the depreciation charge changing as shown below:

Depreciation before adjustment in useful lives	R 3 360 479
Depreciation after adjustment in useful lives	R 1 870 659
Effect of the change in estimate (decrease)	(R 1 489 820)

Figures in Rand	2020	2019 Restated*

50. Prior period errors

Cash and cash equivalents. Cash and cash equivalent was restated by R 40 261 which was the unallocated cash surplus incorrecorretly classifie as revenue in the prior year.

Investment Property : Investment property was restated by R 1 248 986 due to correction of Property Plant and Equipment land wrongly classified as Investment property.

Property, Plant and Equipment was restated by R 2 085 155 due to correction of Property,Plant and Equipment land incorrectly classified as Investment property and capitalisation of prior year completed projects which were not accounted for.

Payables from exchange transactions: Payables from exchange transactions have been increased by R 10 517 856 as a result of prior year invoices which were not accrued for.

Payables from non exchange transactions: Payables from non-exchange transactions have been increased by R 30 662 which was the prior year unallocated cash surplus from other income.

Provisions: Provisions were restated by R 9 355 which was provided for minor claims in the prior year and were paid in the prior year but the provision was not reversed in the correct accounting period.

Vat payable was restated by R 302 697 as a result of security invoives which were incorrectly captured in the accumulated surplus inclusive of VAT, this resulted in a correction of double accounting for vat.

Other income: Other income decreased by R 30 662 which was the prior year unallocated cash surplus.

Depreciation: was restated by R 1 858 144 due to adjustments to Property, Plant and Equipment.

Asset derecognition:was restated by R 2 447 829 due to derecognition of Property, Plant and Equipment of the prior period.

Contracted services: Contracted services were increased by R 9 697 195 due to contractual invoices which were paid for work that was for the prior period.The was a reclassification of R 48 279 001 from general expenditure to contracted services to correctly classify repairs and maintenance expenditure against the contracted services.

General expenses: The was a reclassification of R 48 279 001 for repairs and maintenance to contracted services.

Gain on disposal of assets: Gain on disposal of assets was restated by R 11 275 371 as a result of the Property, Plant and Equipment derecognitions in the prior year. Included in the above amount is R 694 739 for gain on sale of stands that occured in the prior year.

Accumulated Surp:lus: Accumulated Surplus was reinstated as a result of the above stated transactions.

The correction of the error(s) results in adjustments as follows:

Figures in Rand	2020	2019 Restated*

50. Prior period errors (continued)

STATEMENT OF FINANCIAL POSITION	Balance as previously reported	Prior period error	Reclassification		Restated balance
Cash and cash equivalents	30 016 660	40 261	-	-	30 056 921
Investment Property	246 132 189	(1 248 986)	-	-	244 883 203
Property, Plant and Equipment	4 010 513 383	2 085 155	-	-	4 012 598 538
Payables from exchange transactions	(940 929 616)	(10 517 856)	-	-	(951 447 472)
Payables from non-exchange transactions	(21 840 967)	(30 662)	-	-	(21 871 629)
Provisions - current liability	13 223 395	9 355	-	-	13 232 750
VAT Payable	(59 376 493)	302 697	-	-	(59 073 796)
Accumulated Surplus	(3 047 991 218)	9 360 036	-	-	(3 038 631 182)
	229 747 333	**-**	**-**	**-**	**229 747 333**

STATEMENT OF FINANCIAL PERFORMANCE	Balance as previously reported	Prior period error	Reclassification	Column heading		Restated balance
Other income	22 028 242	(30 662)	-		-	21 997 580
Depreciation	171 084 941	1 858 144	-		-	172 943 085
Assets derecognised	30 361 295	2 447 829	-		-	32 809 124
Contracted services	(150 236 670)	(8 492 228)	(48 279 001)		-	(207 007 899)
General Expenses	(121 863 586)	(7 763 144)	48 279 001		-	(81 347 729)
Gain on disposal of assets	(4 715 156)	(11 275 371)	-		-	(15 990 527)
	(53 340 934)	**(23 255 432)**	**-**		**-**	**(76 596 366)**

Prior period error in respect of disclosure notes.

Committments

The municipality have restated a prior year amount of R 526 579 712 for leased assets which was incorrectly disclosed in the committments disclosure note in the 18/19 financial period.

51. Comparative figures

Certain comparative figures have been reclassified.

52. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments liquidity risk arises largely from the municipality's ability to fund assets and meet financial obligation. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1 212 943 340	-	-	-	1 212 943 340
Payables from non exchange transactions	23 636 011	-	-	-	23 636 011
Unspent conditional grants and receipts	12 454 740	-	-	-	12 454 740
Consumer deposits	57 955 763	-	-	-	57 955 763
Finance leases	16 656 913	18 600 100	-	-	35 257 013
	1 323 646 767	**18 600 100**	**-**	**-**	**1 342 246 867**

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	951 144 734	-	-	-	951 144 734
Payables from non exchange transactions	21 871 629	-	-	-	21 871 629
Unspent conditional grants and receipts	12 757 592	-	-	-	12 757 592
Consumer deposits	56 667 054	-	-	-	56 667 054
Finance leases	9 091 623	20 123 504	-	-	29 215 127
	1 051 532 632	**20 123 504**	**-**	**-**	**1 071 656 136**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality is exposed to significant credit risk as its consumers are largely unemployed and are from low income households. Concentrations of credit risk are as per the financial instruments detailed below and for their credit quality refer to the various notes.The municipality decreases its exposure and concentration of credit risk by only depositing cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2020	2019
Cash and cash equivalents (Note 3)	53 931 499	30 056 921
Receivables from exchange transactions (Note 4)	188 917 496	183 196 584
Receivables from non exchange transactions (Note 5)	13 096 387	34 821 184
Long term receivables (Note 8)	1 219 291	1 117 166
Investments (Note 9)	4 348 310	4 176 040

Refer to the notes 3, 4, 5, 8 and 9 for the aging of the financial instruments and any impairment losses recognised in the current financial year.

Figures in Rand	2020	2019 Restated*

52. Risk management (continued)

In the current year, no investments have been pledged as security for borrowings.

Market risk

The type of market risk that the municipality is exposed to is interest rate risk, this arises on interest-bearing financial instruments recognised in the statement of financial position. The Municipality manages this risk by fixing the interest rates on the loan. Refer to note for information on borrowings.

53. Going concern

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The impact of COVID-19 pandemic has significantly casted a doubt on the going concern assumption of the municipality however the governments intervention through the disaster management grant will assist in ensuring that the municipality continues as a going concern.

We draw attention to the fact that the municipality had a net deficit of 140 676 624 for the year ended 30 June 2020 and the current liabilities of R 1 366 472 973 exceeded the current assets of R 291 395 108 by R 1 075 077 865 as at 30 June 2020. The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial year, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditors. There is a material uncertainty and, therefore, the municipality may be unable to realise its assets and discharge its liabilities in the normal course of service delivery.

Rand West City Local Municipality has developed a revenue enhancement strategy which seeks to address the issues that have contributed to the current situation. This strategy takes a holistic approach to the organisation and was presented to and approved by the Rand West City Local Municipality Council. The plan is for various strategies to effect the changes needed for viability and sustainability of the municipality but not all could be considered due to its' limited cash-flow and institutional capacity. In addition to this, the strategies will be balanced between short term and long term to ensure the strategies will have the greatest impact based on the resources available, financial and human resources.

54. Events after the reporting date

The accounting officer is not aware of any other matter or circumstance arising since the end of the financial year to the date of authorisation of these financial statements.

The Municipality has been affected by the impact of covid -19 pandemic, this has halted the Municipality's ability to implement its stringent credit control measures to increase revenue collection which will substantially improve the council's financial sustainability.

Figures in Rand	2020	2019 Restated*
55. Unauthorised expenditure		
Opening balance as previously reported	981 805 417	879 843 466
Correction of prior period error	-	(11 067 120)
Opening balance as restated	**981 805 417**	**868 776 346**
Add: Expenditure identified - current	100 797 577	113 029 071
Closing balance	**1 082 602 994**	**981 805 417**
The over expenditure incurred by municipal departments during the year is attributable to the following categories:		
Non-cash	87 663 436	94 733 293
Cash	21 602 018	18 295 778
	109 265 454	**113 029 071**
Analysed as follows: non-cash		
Employee related cost	18 420 454	11 572 759
Depreciation and amortisation	7 422 739	12 076 561
Finance charges	44 477 312	40 722 678
Provision of impairment	17 342 931	30 361 295
	87 663 436	**94 733 293**
Analysed as follows: cash		
Bulk purchases	3 119 165	6 847 695
Contracted services	7 693 449	3 754 634
General expenditure	10 789 404	7 693 449
	21 602 018	**18 295 778**

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
56. Fruitless and wasteful expenditure		
Opening balance as previously reported	143 034 362	95 212 916
Correction of prior period error	-	15 430 294
Opening balance as restated	**143 034 362**	**110 643 210**
Add: Irregular expenditure - prior period	-	32 391 152
Add: Current year fruitless and wasteful expenditure	37 623 241	-
Closing balance	**180 657 603**	**143 034 362**

56. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Interest on overdue creditors: Eskom	31 864 847	22 330 522
Interest on overdue creditors: Telkom SA Ltd	65 389	21 989
Interest on overdue creditors: Rand Water	1 378 619	340 353
Interest on overdue creditors: SARS	-	1 763 805
Interest on overdue creditors: Quill and associates	-	1 240 044
Interest on overdue creditors: Cigicell	-	5 112 131
Interest on overdue creditors: Auditor General	-	3 170
Interest on overdue creditors: Kopano solutions	-	142
Interest on overdue creditors: Munsoft	-	13 822
Interest on overdue creditors: Munsoft: Roadmac surfacing	-	557 000
Interest on finance lease: Kwane	4 225 505	33 057
Ashira contract	-	975 117
Roshqott	88 881	-
	37 623 241	**32 391 152**

Action taken/to be taken in respect of fruitless and wasteful expenditure

Management submitted all fruitless and wasteful expenditure incurred in prior periods to council for investigation. At 30 June 2018, some prior year fruitless and wasteful was invistigated by Municipal Public Accounts Committee and a total amount of R 32 304 341 was approved for write off by council.Current year fruitless and wasteful expenditure will be reported to council in the next financial year.

No criminal or discliplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2020	2019 Restated*
57. Irregular expenditure		
Opening balance as previously reported	389 380 490	212 591 041
Correction of prior period error	-	5 750 000
Opening balance as restated	**389 380 490**	**218 341 041**
Add: Irregular Expenditure - current	78 307 529	160 289 603
Add: Irregular Expenditure - prior period	-	10 749 846
Closing balance	**467 688 019**	**389 380 490**
Analysis of irregular expenditure awaiting investigation		
Non-Compliance with Section 62 of MFMA	4 351 707	4 351 707
Non-Compliance with section 13 SCM Regulations	108 209	108 209
Non-Compliance with Section 65 of MFMA	23 619 802	23 619 802
Non-Compliance with Section 17 SCM Regulations	827 651	827 651
Non-compliance with section 20 SCM Regulations	54 850 350	37 167 967
Non-compliance with section 29 SCM Regulations	168 607 908	145 806 115
Non-compliance with section 44 SCM Regulations	1 931 267	1 931 267
Non-compliance with section 36 SCM Regulations	106 519 479	106 519 479
Non-compliance with section 36 SCM Regulations	26 304 182	13 023 674
Non-compliance with section 22 SCM Regulations	19 489 201	18 949 738
Non-compliance with section 32 SCM Regulations	12 696 805	4 705 007
Non-compliance with section 19 SCM Regulations	192 764	187 764
Non-compliance with section 5(1) of MSA	5 753 023	5 753 023
Non-compliance with MFMA Regulation 116(3)(b)	26 241 940	18 095 930
Non-compliance with SCM regulation 28	7 396 020	4 566 000
Non-compliance with DoRA	3 312 275	3 312 275
Non-compliance with MFMA Regulation 110(2)	5 234 798	204 243
Non-compliance with MFMA 112	250 639	250 639
	467 688 020	**389 380 490**

Figures in Rand	2020	2019 Restated*

58. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 608 288	5 246 950
Amount paid - current year	(5 608 288)	(5 246 950)
	-	**-**

Material distribution losses

Electricity	147 015 179	115 650 202
Water	45 152 482	75 344 529
	192 167 661	**190 994 731**

Electricity distribution losses for the current financial year was 130,609,028 kilo watts (2019: 122,319,140 kilowatts) which represents 25% (2019: 24%) of total electricity purchased. These electricity distribution losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network and non-technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses.

Water distribution losses comprises of non-billed water, and for the current financial period was 4,229,277 kilo litres (2019: 7,557,785 kilo litres) which represents 17% (2019: 30%) of total water purchased. These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc.

See note 40 for the total electricity and water bulk purchases for the financial year.

Audit fees

Opening balance	527 152	661 312
Current year subscription / fee	8 198 318	7 984 448
Amount paid - current year	(8 697 460)	(8 118 608)
	28 010	**527 152**

PAYE and UIF

Opening balance	6 265 030	5 757 698
Current year subscription / fee	80 036 365	76 134 749
Amount paid - current year	(79 835 121)	(75 627 417)
	6 466 274	**6 265 030**

Pension and Medical Aid Deductions

Opening balance	11 662 480	11 128 555
Current year subscription / fee	148 591 833	140 613 443
Amount paid - current year	(147 782 948)	(140 079 518)
	12 471 365	**11 662 480**

Figures in Rand	2020	2019 Restated*

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor JR MAVUSO	3 081	16 812	19 893
Councillor M MARITE	2 746	9 800	12 546
Councillor NDAMANE	2 850	10 892	13 742
Councillor MBULULA	7 388	35 556	42 944
Councillor L K GASEITSIWE	2 334	21 053	23 387
Councillor NR RAMOTLHALE	3 818	34 012	37 830
Councillor N MAPENA	2 406	12 805	15 211
Councillor B FESTILE	5 919	141 273	147 192
Councillor S WESSELS	2 229	5 765	7 994
Councillor MJE DICK	10 598	-	10 598
Councillor BC DREYER	12 820	-	12 820
Councillor G SAMSON	2 479	-	2 479
Councillor JE MUNYAI	5 952	2 218	8 170
Councillor JM RAMAPHALA	5 812	31 522	37 334
Councillor PL FRANCIS	3 011	-	3 011
Councillor S MOUMAKWE	5 364	5 147	10 511
CouncillorS MAJIKIJA	2 110	5 912	8 022
Councillor ME MAKHENE	1 905	5 154	7 059
MURWET 12 PTY LTD	3 516	926	4 442
	86 338	**338 847**	**425 185**

30 June 2019	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor. D. Mbulula	10 686	130 251	140 937
Councillor. H.B. Munyai	1 131	18 603	19 734
Councillor. J.M. Ramaphala	4 958	9 697	14 655
Councillor. S. Majikija	2 025	8 461	10 486
Councillor. R.B. Mogatwe	1 211	8 238	9 449
Councillor. B. Mahuma	1 068	3 983	5 051
Councillor. W. Matshaya	101	4 688	4 789
Councillor. M.S. Ndamane	2 511	93	2 604
	23 691	**184 014**	**207 705**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2019	Highest outstanding amount
Councillor. D. Mbulula	140 937
Councillor. H.B. Munyai	19 734
Councillor. J.M. Ramaphala	14 655
Councillor. S. Majikija	10 486
Councillor. R.B. Mogatwe	9 449
Councillor. B. Mahuma	5 051
Councillor. W. Matshaya	4 789

Figures in Rand	2020	2019 Restated*

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillor. M.S. Ndamane		2 604
		207 705

Deviations from SCM Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer.

Incident		
Appointment of consultants	-	48 652 670
Information technology services	67 850	1 929 748
Leasing of vehicles	-	4 147 478
Purchase of fuel	-	1 345 374
Purchase of land	-	1 000 000
Repairs and maintenance of assets	-	374 795
Upgrading of infrastructure	-	20 567 640
Compliace with COVID 19 Regulations	658 856	-
	726 706	**78 017 705**

Awards to close family members

Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

See note 48 for Councillors, employees and organisations in which they have a direct or indirect material interest.

Details of awards made: Nature

Imbawula Technical services: Director in the service of the state	-	17 553 297
Vodacom: Director in the service of the state	-	1 450 928
Aredireng Security & Projects: Director in the service of the state	-	1 215 846
Naxaserve cc: Director in the service of the state	-	1 187 162
Andre Rossouw Motors: Spouse in the service of the state	-	1 153 966
Dikgato engineering consultants: Director in the service of the state	-	605 391
Stewarts and Lloyds Projects (Pty) ltd: Director in the service of the state	-	263 341
Kopax consulting: Director in the service of the state	-	344 398
Phungo incorporated: Director in the service of the state	-	231 341
Basinas Trading Enterprise: Director in the service of the state	-	104 520
Moswako office solutions: Director in the service of the state	-	77 523
Gijima holdings (pty) ltd: Director in the service of the state	-	48 750
KK business management holdings: Director in the service of the state	-	28 298
Elegant line trading 720: Director in the service of the state	-	27 246
Dash Trading Enterprise: Director in the service of the state	-	21 178
Schindler Lifts (SA): Two directors in the service of the state	-	19 366
Mhlekazi Creative: Director in the service of the state	-	18 090
Delacon: Two directors in the service of the state	-	16 199
Megaworks trading enterprise: Director in the service of the state	-	16 199
The Assisted Corp: Ward Committee member	-	8 940
Enzokuhle and thabang trading: Director in the service of the state	-	7 751
Shumba Event Solutions cc: Director in the service of the state	-	5 600
KNR suppliers: Director in the service of the state	-	3 259
	-	**24 408 589**

59. Budget differences

Material differences between budget and actual amounts

All budget fluctuations above 10% in comparison to actual results for the financial period were considered material and are explained in the Statement of Comparison of Budget and Actual Amounts.

59.01 **Service charges** was lower than budgeted revenue due to revenue enhancement projects that did not yield the target.

59.02 **Rental of facilities and equipment** was higher that budgeted due to adhoc rentals that increased.

59.03 **Interest received - outstanding receivables** was above budget due increase in non payment by consumers.

59.04 **Income from agency fees** was over budgeted for.

59.05 **Other income** was over budgeted for.

59.06 **Interest received - investment** was lower due to less money being invested in Investec and FNB call accounts.

59.07 **Property rates** was over budgeted for.

59.08 **Government grants and subsidies** was within budget with a variance due to the unspent HIV and INEP grants.

59.09 **Public donations and contributions** was not budgeted for during the financial year.

59.10 **Fines** were over budgeted for, less traffic infringements were recorded during the current financial year.

59.11 **Employee related costs** realised an increase due to overtime and actuarial valuations that were overspent.

59.12 **Remuneration of councillors** was within budget

59.13 **Depreciation and amortisation** was within budget.

59.14 **Impairment loss of assets** was not budgeted for.

59.15 **Finance costs** were under budgeted for due to the interest costs on employee benefit obligation, landfill site and discounting receivables which were not budgeted for and interest on creditor's accounts mainly the Eskom account. The excess will be reported as fruitless and wasteful and unauthorised expenditure and will be reported to council in the next financial year.

59.16 **Debt impairment** was within budget.

59.17 **Assets derecognised** was not budgeted for.

59.18 **Repairs and maintenance** was within budget.

59.19 **Bulk purchases** was within budget.

59.20 **Contracted services** was more than budget due to higher credit control costs, meter management, fleet and security costs. The overspending was reported as unauthorised expenditure and will be reported to council in the next financial year.

59.21 **Transfers and subsidies** did not have any expenditure due to the municipality's financial constraints.

59.22 **General expenses** was within budget.

59.23 **Gain on disposal of assets** was not budgeted for.

59.24 **Fair value adjustments** was not budgeted for.

Notes to the Unaudited Annual Financial Statements

Figures in Rand

59. Budget differences (continued)

59.25 **Actuarial gains** was mainly increased due to the value of the Municipality's Employee benefit obligations valuations during the financial year which was not budgeted.